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The CREDIT WORLD

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The American Canon

Daniel L. Marsh
President, Boston University, Boston, Mass.

An address at the 35th annual International Consumer Credit Conference,
Boston, June 23, 1949

THE AMERICAN CANON is the title of a book that I wrote some time ago. It is an attempt to interpret American patriotism in terms of "canon" spelled with one "n," rather than "cannon" spelled with two "n's." You, of course, will remember that a canon is an instrument of destruction—a gun. Canon is a rule of faith and conduct. For the most part, it is a religious word, although it is used also in law; there are certain canons of law. And in the scriptures there is the canonical scripture. That is, there are certain norms, standards and rules erected, so then the question is, does this thing we are considering measure up to the rule of conduct, faith, and standard of right that has been erected.

I am going to answer a couple of questions at the outset because I have learned from experience that if I do not do this publicly, I have to do it just about as many times as there are persons present, privately. Two questions are always asked: "What did you say the name of that book is?" and the second question, "Where can I get it and what does it cost?" I answer these questions, not to advertise the book, I am sure you will understand that, but if you are going to be interested in finding out later, make a note of it now. The name of the book is "The American Canon." Any book store can get it for you but if you want to write to the publishers, the address is Abingdon Press, 810 Broadway, Nashville, Tenn. The price of the book is \$1.00. It contains in full the seven documents which I expound; their history, their origin, their development, and their implications which I explain in the main body of the book. I came to write the book in this way.

At the end of the first World War, I had been overseas, and I came back with the same high hopes that most idealists did, that a new day was dawning and a new world laid before us. But rudely, I was disillusioned. I thought we were going to have a united America because it had been fighting together, but I found a divided America. I found the ultraconservative and the ultraradical. I found old organizations taking on new life, new organizations taking on old names. If you did not happen to agree with my particular little group, you were not truly American. Unless you think as I think and speak as I speak and say shibboleth as I say it, you are not a true American.

The ultraradical, under the guise of liberalism, were working for the promulgation of subversive doctrines. The ultraconservative, under the guise of true American-

ism, were damning and condemning everyone who did not happen to agree with them. They tarred each other with the stick of opprobrium. And I said to myself in the welter of confusion, "Why can we not have some standard for what true Americanism really is? Something everyone who is an American will believe?" If you ask a religious person, let him be Roman Catholic or Protestant, for the origin of his faith and his religious life, he will give you the same answer. The ultimate authority of his religious life and belief is the Bible. If you ask the Jew, he will tell you the Old Testament. Ask a Christian, whether Protestant or Catholic, and he will tell you the Old Testament and the New Testament. These are the canonical scriptures of religious life.

Now I said "Why can we not have something like that for our American patriotism?" What we needed was a bible of American patriotism. So I set out to find what I might call the canonical scriptures of true Americanism. I kept the quest up for twenty years before I submitted it to writing, and in those twenty years I read unbelievably. I read, for instance, every speech, public paper and letter by George Washington that has been preserved for us in print. I read everything that Abraham Lincoln wrote or said. I read, believe it or not, every single speech and public paper of Woodrow Wilson, and a good bit more, including not only the two monumental volumes of his public addresses, but also the eight volumes of *The Life and Letters of Woodrow Wilson*, by Newton D. Baker.

Bible of American Patriotism

So I kept up the quest, sifting and screening so that by the end of twenty years I had found seven documents that seemed to me might reasonably be called the Bible of American Patriotism. And then to keep up the idea of a bible of Americanism, I gave them certain Biblical connotations. I have The Genesis of American Democracy; The Exodus of American Democracy; The Book of the Law of Americanism; the Major Prophecy of Americanism; The Song of Americanism; The Gospel of Americanism; and An Epistle to the Americans. Of course I cannot give you the whole story, but I can give you a digest of the things I have aimed at in presenting that book to the public.

I want to talk briefly about these seven different documents. The first is The Genesis. Of course you know that genesis means beginning. The genesis or beginning of American democracy is in the Mayflower Compact. But if the Mayflower Compact is the beginning of American democracy, for its own beginning we

must look far back for the date of its actual composition. Almost any date in the past would do, but let us take 1555 for instance, the date of the Treaty of Hapsburg. By this treaty the right of Protestantism to exist was recognized, but at the same time it made the mistake of allowing the head of a state to become the dictator of the state's religious faith. Acting under this, King Henry VIII of England became the head of the British government, but he became also the head of the Church of England. And it was a despotic, dictatorial headship that he held. There was a good bit of revolt against this ecclesiastical despotism, and there was within the church a group who called themselves Puritans, that is, they wanted to purify the life and practice and ritual of the church. These Puritans worked from within the church trying to purify it, but certain of them became discouraged, and separated themselves from the church, and were called Separatists.

One of these little colonies of Separatists was in a small village. The chief of the colony was the keeper of the old manor house, a man by the name of Brewster. He had a son, William Brewster, and this son had a friend by the name of William Bradford who lived in another town just across the fields. They used to meet secretly in the manor house, William Brewster, William Bradford and others. But the King's spies were abroad, ferreting out these secret meeting places of the Separatists, and they were not allowed to worship in peace. Then they decided to leave England, but the King would neither allow them to worship in peace, nor would he allow them to leave England. Nevertheless, by one method or another, a number of them filtered out of England into Holland. First they went to Amsterdam and then to Leiden. They stayed there from 1606 until 1620. But they did not want their children to become Dutch and they plainly were, by taking on not only the Dutch tongue but also Dutch habits. They also wanted to get away from the worldliness that surrounded them there.

Voyage of The Mayflower

So they decided to go to a new country. America was new, and after a great deal of preparation, they chartered a couple of ships and planned to sail for America. They showed practical common sense as they loaded both ships by what they put into the ships. They then put in to England, took on certain recruits from London, and again put out. But the Speedwell was not seaworthy. They put back in at South Africa and tried again but again turned back, as the ship still was not fit to make the trip. There they weeded out the weak and the others set sail in the Mayflower. It took a lot of courage, not only because of the long voyage on the sea by a small ship, not only because of the voyage to a strange land, but they had been told all sorts of horrible tales, just as we have tales told today that are not true. They were told that savages would capture the white people and torture them. And yet they set sail. They sailed from September to November and then they sighted land. It was the tip of what we call Province-town.

Some of the people were restless. They had a charter which allowed them to settle in Virginia. They thought they would settle no further north than the mouth of the Hudson River. But the ship lost its way. They

were never sure but that the captain of the ship, a man named Jones, was crooked and purposely led them to the north, and in memory of him they called one of the streams Jones Creek, because it was so crooked. The recruits they had taken on in London were now impatient with the restraints imposed by the leaders of the Pilgrim band. They said "When we land we will do as we please, for we are going to land where nobody has authority." And they were right, for the charter covered only what was known as Virginia Territory. But the leaders of the Pilgrim band were equal to the occasion. They assembled all the adult men in the cabin of the Mayflower. And in that cabin of the Mayflower as it tossed off Cape Cod, using Myles Standish's sea chest as a table, they drew up the Mayflower Compact, the first written compact by which any group of people on earth ever agreed to govern themselves. Then they signed it. They explored the Cape. After three days they went across to Plymouth Harbor, and there they landed. The story of their sojourn in Plymouth is one of the most thrilling in all history. That stone which we now call Plymouth Rock became the stepping stone of the nation. The sufferings and hardships that first winter are unbelievable. There were one hundred and two persons who landed and fifty-one, exactly half, died that first winter. There were twenty-four households, and "general sickness" as it was called, wiped out four completely, invading all of the households except four. And yet they stayed. They were near to starvation and they were sick. Yet in the Springtime when the Mayflower turned about to go back to England, not one who had put his hand to plowing, looked back—they stayed. And under the Mayflower Compact they governed themselves. They elected their own Governor. They made treaties with the Indians. They carried on foreign trade with England. They established a military system and put Myles Standish in charge of it. They stayed, because they had found that for which they had come when the old Mayflower left England for the trackless way across the sea. They were so glad that when they knelt in the snow, the very snow seemed warm, and the snowflakes on their cheeks melted into tears of gratitude. They stayed, because they were able to see the invisible, indivisible and the eternal, in the temporal. They stayed, because they had found an opportunity to worship God according to the dictates of their own consciences. I call it Holy ground, the place which first they trod. They left unstained what here they found, freedom to worship God. That is the genesis of American democracy. The beginning is the Mayflower Compact.

But we come quickly to the exodus. Of course you know, the exodus means the going out. In the Old Testament it meant going out from Egypt to the Promised Land. In my study here it means the going out from the land of bondage and tyranny to the promised land of liberty and self-government. No matter by what nationalities the various colonies had been formed, they soon all came under the control of England. By 1670, injustices began, such as heavy taxations without any representation. This continued until by 1760 it was almost intolerable, with one unjust law after another. By 1774 the colonists decided they could not stand it any longer so they called a meeting in September at Philadelphia. They met as Englishmen to draw up

a statement of grievances to present to the King as Englishmen, and the King refused to receive it. They adjourned their meeting as Englishmen, intending to meet the following May, 1775, as Englishmen. But before they met the following May, the sod on Lexington Green had soaked up the first blood spilled for American independence. They met in Philadelphia, but not long did they meet to defend their rights as Englishmen. They soon saw that there were other rights for them to defend. And by June of 1776, there had been introduced into this continental congress a resolution declaring that these united colonies are, and of right ought to be, free and independent states.

Declaration of Independence

A committee was appointed to draw up a reason for the adoption of such a resolution. They thought that because of a decent regard for the opinions of mankind they should tell why they were fighting. So they appointed a committee of five men to draw up a declaration of independence. They put on that committee: Thomas Jefferson, John Adams, Benjamin Franklin, Philip Livingston and Roger Sherman. The committee made Thomas Jefferson the chairman. Thomas Jefferson had a reputation for being a facile writer so they asked him to draft the declaration for them. Thomas Jefferson, an aristocrat democrat from Virginia; tall, handsome, red-headed, a scholar and philosopher, sat down one morning and wrote that great symbol of our national life. Afterwards some people accused him of plagiarism; they said he had copied some from here and some from there. Even John Adams said it did not contain anything that was new. Thomas Jefferson replied that he did not have a book with him while he wrote, but that of course what he had written was common knowledge. That if he had written something that nobody had ever heard of before, nobody would ever have heard of it since.

He took what was commonly accepted, and in phrases of unforgettable beauty, he precipitated in the rain of speech that which was vaporous in the minds of the people. He presented it to his committee. Benjamin Franklin made five corrections in it. John Adams made two. Then a copy of it was made by Jefferson to be presented to Congress. Congress began to debate it. They debated it for some time. And all the time this resolution was lying there declaring that the colonies were free and independent. On July 2nd, Congress adopted the resolution declaring that the colonies were free and independent. And then on the 3rd they debated again this declaration of independence. On the 4th of July, they again began to debate. Everyone knew that the vote was coming and was very near. Jefferson took no part in the debate. He winced, however, as he saw one eloquent passage after another being stricken out, largely under the whip of the Southern members because of passages in it in regard to slavery.

He said in his journal that the flies were bad and the delegates wore silk stockings. Jefferson was happy that the flies were so bad, as the men would keep switching the flies off their stocking legs with their handkerchiefs and he thinks they were so annoyed that they adopted the declaration a little more speedily than they otherwise might have done. The effect of the adoption of the Declaration of Independence was electrical. I wonder

if you had the same public school reader that I had when I was a youngster, in which there was a beautiful narrative poem on this very thing? "There was a tumult in the city, in the quaint old Quaker's town, and the streets were right with people pacing restless up and down. People gathered at the corners where they whispered each to each, and the sweat stood on their temples with the earnestness of speech. 'Will they do it? Dare they do it? Who is speaking, what's the news? What of Adams, what of Sherman? Oh, God grant they won't refuse.'"

The old bellman of Independence Hall who was accustomed to ringing the bell on important occasions, placed himself where he could seize the rope, then he put his little grandson at the door of the room where Congress was meeting, with the instructions that if and when they adopted the Declaration of Independence, he should come tell him. The old bellman reached forward his hand and made iron music throughout the land. Torchlight parades and bonfires lighted up the night's repose. A new nation had been born—a new nation had come into existence. The declaration drew a sharp line of differences between those who were loyal to the British crown and those who were loyal to the newly formed government. It filled the soldier with a new and dauntless pride to plunge into the crimson sea of carnage for the cause to which he had given himself. And from that day to this, whenever the Declaration of Independence with its high sounding phrases has been made known, men, dispossessed and oppressed, have clutched at its phrases, like drowning men clutch at straws. It was the exodus—the going out of Americans from the land of bondage and tyranny, to the land of liberty and self-government.

The Book of the Law

Then I come to the Book of the Law. Now, what have we that is the counterpart in American patriotism to the Old Testament commandments, The Book of the Law? There is only one thing. It is the Constitution of the United States. From the day of the Declaration of Independence, from the winning of the Revolutionary War in 1783, until 1787 there was a state of practical anarchy among the thirteen colonies. They feared each other more than they feared anything else. They feared each other more than they had feared the British red-coats. And it was only the fear of the British red-coats that had held them together during the war. Money was worthless. There was no central power in Congress. There was not any President. There was a Chairman of the Congress, but not of the United States. There was no United States, as a matter of fact. There was a loose federation of thirteen states. And when Britain made peace, she named each one of the thirteen colonies separately, making peace with each one separately and not with a united group. Credit was gone. Congress asked the States to raise taxes and the States refused. Congress issued paper money and the people in derision papered the walls of their houses with it. The soldiers were not paid. They besieged the place where Congress was sitting, and Congress in terror, fled, first to Princeton and then to New York, where it remained until a little after the Constitution was adopted.

(To be continued next month.)

The Credit Clinic

A REPORT of some of the questions asked and answered at The Credit Clinic held in connection with the International Credit Conference, National Retail Credit Association, Boston, Massachusetts, June 20-23, 1949

Clarence E. Wolfinger, Chairman, Lit Brothers, Philadelphia, Pa.

(Continued from October CREDIT WORLD)

Credit Bureaus

What are the advantages of sending copies of credit applications to the credit bureau? Disadvantages?

Mr. Flemington: "It certainly has its advantages. First, in that the expenses incidental to the detail work are transmitted to the bureau, and second, it gives you the names and initials and references, both business and personal, which are important in establishing a credit rating. It contains a signature, a copy of which can be incorporated in the bureau records and eliminates more work on the part of the bureau than if requests were sent in by telephone or teletype. Offhand, I do not know of any disadvantages."

Mr. Meyer: "It makes more work for the bureau but if the bureau prides itself on giving complete service, I can see where the information would be valuable, particularly where the bureau has not previously been informed that the account has been opened."

Mr. Wolfinger: "Is it not true, Mr. Flemington, that in those cases where the practice has been to furnish the bureau with applications, the stores in the vicinity that support the bureau, file their application on a set form that is designed for the benefit of everybody so that it will fit right into the bureau's file without the transferring of that information onto the bureau's records?"

Mr. Flemington: "Our members are not using a standardized form of application. The users of the bureau have their own blanks that are not the size of our bureau records, but I fail to see where it would mean added work on the part of the bureau. Ordinarily, we would have to take that information down from the store when it was phoned in, and frankly, I think it has worked very well."

Mr. Meyer: "Some bureau managers ask that these applications be submitted before a report can be given by the bureau. The information is practically all filled in by the firm and all the bureau does is report the necessary pay information and send it back to the firm. In other words, the store does much of the bureau's work."

Mr. Wolfinger: "I personally think the credit manager should do everything he can to cooperate with his bureau to put his bureau in a position where the services would be accelerated. He should even go so far as to sort his applications into alphabetic sequence or street sequence or anything he can do to make it easier for the bureau to extend their files. Over a period of time we have accelerated our service by seeing that they spend less time doing things that we can do for them before we send the applications to the bureau. In that way, we are really accomplishing something."

National Legislation

What are the chances of having a bill introduced in the near future to permit the garnishment of salaries or wages of government employees?

Mr. Schilz: "It is my opinion that such a bill could be introduced to Congress. In 1944, as probably many of you know, a bill for garnishment of salaries of government employees was introduced in the House of Representatives, and that bill successfully passed. It got pocketed in the Senate and the term of Congress expired before the bill was even called for consideration. I think that with proper support from the legislative committee and this association as a whole, such a bill can be introduced and successfully passed in Congress."

Public Utilities

To what extent do public utilities cooperate with credit bureaus?

Mr. Ross: "Any progressive public utility operates on the theory that anything that is good for the community, is good for the public utilities. If the credit bureau is an organization that maintains good help to the business of the community, it is obvious that a public utility would be smart to do everything it can to develop, help and cooperate with the credit bureau. My experience is that we have done everything possible to build up and support our credit bureau. Among these things is that we give them the name, location and former address of every newcomer that comes to Rochester. Our bureau then sends to that town and gets a credit report at its own expense, making those reports immediately available to our merchants when our newcomers ask for credit. We maintain a direct telephone line to the credit bureau. That line is connected with our customer history record department and immediately as they come into the office, we answer each call. We give all information about the location of our customers if they have moved and get lists from the bureau of skips they are seeking to locate. Those lists are sent back the same day they are received at our office. I think we are doing everything that our local bureau manager conceived as possible for us to do to help him maintain good service in our community and I think any other progressive public utility should be doing that. If it is not done, perhaps it is due to a lack of salesmanship on the part of the bureau manager."

Mr. Meyer: "Public utilities benefit through the credit bureaus in collections, as the cashier in the public utility tells me that every day, and usually several times a day, someone says, 'We've got to pay our bills in order to keep our credit.' So the indirect benefit is large."

Mr. Wolfinger: "I think that too often credit managers put cost of credit bureau service against service

and cooperation and I think that if we would keep in mind that the credit bureau is to a certain extent our right arm and see what we can do to make our services more cooperative, the credit manager would probably benefit a whole lot more than the bureau would benefit."

Are public utilities inclined to give more liberal terms than other dealers in appliances?

Mr. Ross: "No, as a matter of fact, the tendency now is for other dealers to give more liberal terms than public utilities. This is not necessarily done by extending the terms beyond the limits provided, but in some instances by giving other inducements. As a matter of fact, most utilities are now cooperating with the local electrical associations and other electric appliance dealer organizations in maintaining terms alike with the other dealers."

Stores

To what extent has there been an increase in fraud buying, bad checks and skips? Overbuying?

Mr. Bolen: "In our own organization there is an increase in fraud buying by those people who are reaching into the air and securing a fictitious name and address and using that name to secure merchandise under our hand-out system. That is on the increase. I speak for the whole community. It happens that all the stores in St. Louis are having that same experience. Bad checks are on the increase. The banks in St. Louis are closed on Saturdays and there are long queues of people at our cashiers' windows on that day. The more checks we cash, the more gambles we take for loses. As to skips, yes, more mail is coming back because the customers have moved and left no forwarding address. The customers in our store are overbuying. It is up to us in the credit department to see that our unit operators give us the flag when the customers are overbuying on their accounts. They can be reviewed by the collection supervisor, by the assistant collection manager, or the divisional credit manager. I do not have the percentages here, but I do know that in all three parts of the question, they are on the increase."

What changes have been initiated in collection procedures? Personal contact? Telephone? Printed notices? Letters?

Mr. Hendry: "There is not any doubt, but with the exception of personal contact there has been definite lean to attractive cards. You see, the advantage is that the card can be inserted by the unit operator at the last second. Our girls are doing it at the present time. These cards are attractive and if they are courteously worded they should in no way offend your customer. We have to do something to cut down on the cost of operations. I believe our serious problem confronting us during the next year will be a matter of production.

Therefore, if we use cards, we will have more time and less expense."

How often and for how long should inactive accounts be contacted? What is the most effective way of doing this—A. Letters? B. Telephone? C. Personal Calls? D. Stickers or messages on inactive bills?

Mr. Hendry: "I hold it to be letters, and the smartest approach should be each Easter, Spring, Fall and Christmas, the time of year in which he needs merchandise. This kind of approach will certainly bring the best results."

Are new account customers' "Take With" purchases approved before a credit report is obtained? What is the maximum amount delivered in such cases?

Mr. Smith: "I think it depends a great deal on the credit information that you get at the time you take the information on the new account. Many times, the information is so conclusive that on the basis of it we go up to \$50.00, \$60.00 or \$75.00. We still believe it is a good thing to get your reports first for any large amount of buying."

Mr. Wolfinger: "Col. Blackstone has answered some of the questions in a letter to me, and on that particular question he writes: 'Some stores allow up to \$25.00, others \$50.00, pending the receipt of the report. Personally, I think it is a good custom to permit the prospective customer, if the factors in the application are in any way favorable, to start the immediate use of the account. In too many cases the customers change their mind between the time they make the application and the time the credit approval is made if approval is delayed. The purchase of a small amount on the account starts it immediately on a buying basis, and I think the gain in goodwill more than offsets the loss you might have from one or two cases which do not warrant credit approval after the purchase has been made. In any event, if you do not approve the account and the customer has made a purchase, you have a very good reason to bring the customer in. The customer may be more anxious to come in and discuss the application again than if it were a cold account with no purchase made at all. So I think there is everything in favor of starting the early use of the account.'"

Do you think the credit manager would have a clearer picture of his accounts in figuring not only the usual collection ratio but also the percentage of past-dues in proportion to the total number of accounts to which bills are sent, and the amounts?

Mr. Wolfinger: "I thoroughly agree with you. We in our particular establishment not only keep a percentage of the collections and percentage of past-due accounts,

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but we also keep the number of past-due accounts in percentage to the total number of bills sent. We have done that for some years and it is quite an interesting comparison."

What is the maximum amount one should owe for installment purchases and charge accounts in proportion to income and other resources?

Mr. Bolen: "There has to be a thorough analysis of the credit report as to the whole background of the individual. I think it is a well-known fact that we set limits on regular accounts. We expect that the customer will exceed that limit and we do not hold particularly to these limits. Some of us are agreed that the increase is double that amount, but of course we take different attitudes. As to the purchase of installment items when the customer has a regular account, I think that is one time when we cannot be color-blind. When the customer purchases a washing machine, and 60 days later comes in to buy a television set, I think a review of their application and also their credit report is called for. We are interested in keeping their costs down. We are all sales minded and we do want the volume but we want the volume in such a way that there will be no question of the accounts pyramiding, not only with the open account, but with the addition of installment buying. I do not know if you can break that question down as to the percentage of a person's income or not. There might be a difference when the wife is employed and when only a man is employed and there are five or six dependents in the household. Each case has to be governed on its own merit. Where you may restrict one man to a revolving credit account with one installment account, you might let the other man have a regular 30-day account and two or three installment accounts. I do not think you can hold to a percentage of a man's income."

What are the most important factors in connection with the credit interview?

Mr. Smith: "The most important factor is to secure complete information including everything that your form calls for. Then before the interview is over, definitely let the applicant know the terms on which you are selling the merchandise."

If charge account promotions are the responsibility of the credit manager, should the work be done with his regular office personnel or separate personnel devoting full time to the work?

Mr. Reagan: "You will find a lot of stores are setting up separate departments in the credit department, the entire function of which is to promote new business."

Should charge account promotions be supervised by the credit manager, the advertising manager, or publicity manager?

Mr. Reagan: "That is a function of the credit department, and should be under the supervision of the credit manager.

Installment

Does anyone want to comment on television?

Mr. Millians: "We kept a record in our establishment of all the television instalment accounts since we started selling them on the instalment basis and our experience has been very satisfactory and we have had few sets returned. Peculiarly enough, I believe most of

the people who buy television sets are the people who cannot afford them. If you go into any city on a train and look where the aerials are, you will find they are usually on the less desirable houses. But offsetting that, it brings to such people a great deal of enjoyment and pleasure that they would not have otherwise, and they probably get it at much less cost than they would have attending the orchestra, or the opera or the ball game. There must be a great future in television but I do not know what the trend in prices is going to be. All of the big firms are now advertising reduced prices. Our only fear is that we will get to the point in the reduction of prices where the customer will turn in the set and sacrifice all the payments he has made on the account and get a better set for less money."

What is the policy of your company if you sell your regular television sets, and within a reasonable time, say thirty days, that same set is offered to the public at a lower price? The customer will come back to you and say, 'I bought that set last month and you should have reduced it then.' Have you had any experience along that line?

Mr. Wolfinger: "I think there has been a lot of discussion and there is a lot of worry about television sets. I read anything I see in the paper or the magazines or anywhere else about television sets, and I am rather convinced that Mr. Millians is right; that there is a development in this like we had in radio. Some time or other it might catch up with us but at the present time I think the situation is not too bad. Some people say color in television is just around the corner, and other people say it is ten years away. I do not believe in being foolhardy about extending credit, but I do not believe in being so supercautious that you take away from yourself much of the business you could possibly get. In my opinion, you cannot choose all the bad risks in the country unless you are the poorest credit manager in the world, and if you were, you would not have a job. If you select your risks carefully, even with the changes in price, you are bound to have some reversals, but on the other hand, you will sell a lot of sets and make a lot of money."

How far should retailers go in publicizing credit terms?

Mr. Paddon: "If I were selling a commodity, I would feel it necessary to advertise the commodity to make any sales. The same is true if we have terms to offer to our customers. If we do not acquaint them with the terms that may be available, we will not make sales. I believe heartily in advertising the fact that terms might be available. We believe in featuring lower price commodities to attract people into the store, and we may advertise even \$5.00 down and \$5.00 a month for that purpose. I believe advertising low terms would attract them into the store. I also believe we have other ways of advertising the fact that we give convenient terms. The store I am with has about 85 per cent of its business on a thirty day or three month basis, so it is necessary for us, if we want deferred term customers, to do a little featuring of that business. I believe it is good business to have inserts go out with the statements from time to time, including the terms of our business in a general way."

Taking the "Bugs" Out of Charge Account Solicitation

WILLIAM A. LINDELOW, *Director, Department Store Division, A. J. Wood Co., Philadelphia, Pa.*

THIS ARTICLE is designed to help you recognize and track down the "bugs" that always seem to be present in starting a new operation. If you have conducted a solicitation campaign before, you will be familiar with most of them. If not, you will be glad to know about them before they start biting. "Bugs" are nobody's fault; like Topsy they simply grow, particularly when a slightly different operation is being fitted into an existing and established routine. They are harmless and easily eliminated if an attitude of give-and-take is adopted until the meshing of the new and established operations is completed. Here, then, is the genealogy of the "bugs" you might meet with in a new charge account solicitation program.

Efficient credit departments are built up on a few basic principles, including capable supervision, competent personnel, sound policies and standardized operations. Successful credit executives must train their staff members to operate on more or less fixed routines in order to achieve this efficiency. Under normal conditions, this routine is satisfactory as it permits the servicing of large numbers of accounts with the least time and effort. But a new account solicitation program is a departure from normal operation and requires slight adjustments in both policy and procedure to achieve maximum results in account usage and volume of purchases.

Solicitation Program a Selling Function

Most credit departments are set up to operate on this basis: The customer approaches the store and requests an account, usually at the time of making a purchase in person. In this set-up, the store is essentially in the position of doing the customer a favor, as they are granting an extra convenience by request. Hence, the credit department is performing the defensive function of protecting the store's position. But a new account solicitation program is primarily a *selling* function. The customer is approached by the store and the convenience of the charge account is *offered* to induce the customer to make more and better purchases than she would otherwise. Recognizing this distinction, the credit executive should instruct staff members to lean slightly in the direction of the customer in passing on the original credit application. This does not mean that the bars should be let down. But it does mean that the credit extension should be more liberal in the borderline cases. Experience has shown that most bad credit risks are resolved within the first year the account is opened. After that, the solicited account will match requested accounts in payment record and charge-off percentages.

To be appraised properly, solicited accounts should be expected to show a slight increase in bad debt percentages, usually no more than one-eighth to one-fourth per cent above normal. And this slightly added cost should be regarded as a sales expense, incident to the

increase in sales volume which comes from the new account. Once this "bug" is recognized and treated from the point of view of sales cost, the solicitation program will be that much more effective in bringing new and good charge customers to the store—with attendant increased sales volume—the end product of any solicitation program.

In any type of solicitation campaign, there is bound to be a certain time lag between the actual taking of the credit application by the interviewer and the notification of the acceptance of the account by the store to the customer. There are five primary causes for this lag:

1. Time consumed between taking application by the interviewers and their receipt by the credit department.
2. Processing time consumed in the credit department before the application is sent to the credit bureau for clearance.
3. Processing time consumed in the credit bureau before returning the report on the account to the store.
4. Time consumed in the credit department before the application is accepted as a charge account.
5. Time consumed in the credit department before the customer is notified that the account is opened.

At best, four or five days must elapse before this routine can be completed. At worst, two or three weeks can go by. The advantages of shortening this time lag can easily be appreciated. Many prospects have a definite idea of buying specific merchandise when the application is first taken by the interviewer. If they do not receive their charge account promptly, urgent need or sheer resentment may cause them to buy elsewhere. Habit is another strong influence which works against time. If the prospect already has charge accounts at other stores and her new charge account is slow in arriving, she may, through habit simply use the other accounts and forget about the new account. Diminishing enthusiasm is another influence which increases with the length of time elapsing between application and charge account. A woman who has been pleasantly impressed by the interviewer and her recital of the advantages of an account in your store, may lose this impression if the time lag is too great.

Actual Usage of the Charge Account

These reasons, and others, will serve to reduce the actual usage of the charge account after it has been opened. This naturally means lost sales and lower sales volume, which defeats the primary purpose of the solicitation campaign. If this time-lag bug is recognized and steps are taken to keep its effect to a minimum, better public relations and larger sales volume will result from the solicitation campaign.

Some store executives are unduly worried about the problem of rejecting unfavorable credit applications when conducting a solicitation campaign. They reason that it is poor public relations for the store to ask people to open accounts and then turn down their applications.

In actual practice, this theory does not hold water. In the first place, no rejection notice should be used. The much more tactful method of simply letting the application ride is used by the greater majority of stores which have conducted solicitation campaigns successfully. Few accounts are rejected without good reasons and the prospects who fall in this class are well aware of those reasons. The milder cases, such as people who are simply overextended in credit purchases, appreciate this tact and accept it in the general spirit of "nothing ventured, nothing gained." Some people may call the store to find out why their accounts have not been opened. These people are invited to stop in and talk it over. If the invitation is accepted, many good accounts can be saved that might otherwise be lost. But dead-beats will rarely accept the invitation as few of them care for face-to-face meetings.

Rejections may be held to a minimum in two ways. First, store executives should adopt a more liberal attitude towards solicited accounts, as previously mentioned. Second, the solicitation campaign should be conducted among economic groups that are natural customers for the store. Stores handling better quality merchandise at higher prices should not seek business from people in the lower economic groups. Both of these methods will result in less rejections and increased sales volume at the lowest cost.

Perhaps the most poisonous bug that can attack the solicitation campaign and reduce its potential value is the failure to follow up new accounts properly and promptly. Human nature is a variable quantity. As everyone knows, the best of intentions today may lapse into a "Who cares?" attitude tomorrow. This attitude will work against a solicitation campaign if it is not recognized and combated. People need urging to adopt a new habit, and opening a charge account with a store calls for new purchasing habits. A certain percentage of people will use their accounts without urging (depending on the store's standing in the community) but a higher percentage will use them if they are urged, properly and promptly.

The proper method of urging embodies many factors, depending on the skill of the promotional department of the store. One of these factors is a series of repetitive messages which extoll the benefits of the store's policies, services or merchandise. Each account opened should be automatically subjected to a prompt and periodic treatment of this series until a permanent usage pattern has been established, or further promotion is considered useless. A solicitation campaign will rarely, if ever, result in a 100 per cent usage pattern for all accounts opened. But a sound promotional follow-up will result in a higher percentage of usage than without it. The experience of the many stores which have carried on successful solicitation programs proves this. Charge accounts are not an end in themselves but a convenient means to an end. The percentage of usage among solicited charge accounts will depend on the follow-up and the public relations standing of the store in the community.

Solicitation campaigns are sometimes considered as being unsuccessful because the accounts opened do not show the same percentage of usage as so-called "regular" accounts. In the first place, these "regular" accounts

may naturally be expected to show a higher percentage of usage. Few people will voluntarily take the time and trouble to walk into the store and open a charge account unless they are definitely planning an immediate purchase of some kind. For this reason, voluntary or "regular" accounts should and do show a high rate of immediate usage. But the value of a charge account does not lie simply in its immediate use. The real value lies in the continued use of the account over a period of months and years. Surveys have shown that for every volunteer applicant for a charge account, there are eight people who want an account. These people are the ones who respond to solicitation efforts. Predominantly, they appreciate the courtesy shown by the store in offering the convenience of the charge account. However, they may not have the occasion to use it at once. But, if solicited accounts are opened and followed up properly they will, over a period of time, become equally as valuable as "regular" accounts. This is especially true if the solicitation is conducted among the store's natural customers.

Restricted Solicitation Program

The "elastic" bug has a two-way stretch. A solicitation program can be hampered because it is too all-embracing, or too restricted. Here is the reason for this seeming paradox. A solicitation program can be too all-embracing. Charge account solicitation conducted through a mass advertising medium illustrates this point. Mass media reach a quantity audience which may be scattered all over the map and which embraces all types of economic groups. Applications received from this type of solicitation may be: Far removed from the normal trading area, curiosity seekers, or very poor credit risks and various other undesirables. There are few stores which offer such a wide variety of services or merchandise that they will please both Judy O'Grady or the Colonel's Lady. The indiscriminate offering of charge accounts to both will satisfy neither and result in accounts that are preponderantly risky, or accounts that remain inactive. On the other hand, a too-selective type of solicitation is also apt to prove troublesome and expensive. Most stores, while handling a large variety of merchandise with a wide range of prices, still cater to a more or less particular class of people. Sometimes this fact is ignored and the attempt is made to increase business by soliciting accounts from a particularly desirable class such as the higher economic groups. This strategy rarely is effective. Pressure solicitation may cause the accounts to be opened but it will not result in a reasonable percentage of usage. The best solicitation results are those secured from a campaign conducted among the logical people to whom the store's policies, merchandise and services appeal the most.

Credit executives are justified in securing as much information about prospective charge customers as the traffic will bear. But the traffic situation differs between volunteer accounts and solicited accounts. Requests for volunteer accounts are usually received in person at the credit office of the store, with the result that several factors are present which make it easier to secure detailed credit information:

1. The applicant is resigned to the fact that the information must be given.

2. The store is playing ball on its own "home grounds" and has the psychological advantage.
3. There is no time on the interview.

On the other hand, applications for solicited accounts are taken under widely varying circumstances which bring into play another set of factors:

1. If the solicitation is by newspaper ads or direct mail, the prospective customer fills in the credit application in her own home and without prompting. Therefore, she will only enter information that is important to her, and not what the store would like.
2. If the solicitation is personal, the interviewer must necessarily be brief to keep the cost of solicitation within reason and to avoid annoying the prospect.
3. With any kind of solicitation, the store is asking the customer to open an account and so must keep questions to the minimum in order to secure maximum customer acceptance.

Basic Questions for Account Solicitation

The best results in solicitation are obtained where only basic questions are required to be answered. These pertain to: rental or ownership of residence, employment data, other charge accounts and affiliation banking. Attempts to seek more information than this simply reduces the number of applicants. The second phase of securing information is reached when the application is received by the store and the credit information is verified. Here again, the desire to cover all possible contingencies can retard the solicitation campaign, depending on what service is requested of the credit bureau. A complete street-report check costs more money and consumes more time. True, it may also turn up occasional detrimental information that the applicant tried to hide. But it is questionable whether enough of these are found to warrant the additional expense of street-reporting on all. The usual practice followed by stores which have conducted successful solicitation programs is to secure file clearances only from the credit bureau. These are comparatively inexpensive and can be secured in much less time. Over the long term, this method of verification is less costly, even though occasional added-risk accounts do slip through.

The essence of any charge account solicitation campaign is to increase the store's sales volume by making it easier for more people to buy merchandise. Since charge accounts are known to cause people to buy more often, select better quality, pay higher prices and buy in larger quantities, such solicitation programs are sound. But charge account solicitation programs are only profitable when the cost is low in proportion to the amount of business received. Since the determination of costs presupposes accurate records, it is important to keep these records consistently.

A few basic elements enter into this record keeping. These are:

1. The direct cost of the solicitation campaign. This depends on the type of program used. If advertising is used, it includes the space or time cost. If direct mail is used, it is the cost of the mailing. If sales personnel are used, it is the commission paid. If personal solicitation is used, it is the salaries or fees paid. This

cost does not include normal services such as credit reports, clerical help and stationery, which are currently used during the account opening procedure.

2. Accounts used and dollar volume of purchases. It is not necessary to keep a continuous record of this but provision should be made to have these figures checked monthly for the first three months and then quarterly for the balance of the first year.
3. Percentage of cost to results. The ratio of cost to usage and sales volume should be determined at the end of each checking period.

These three examples of record keeping will help to control the solicitation program and to gauge its results. Without such records there is no way to determine whether the program has any value.

Department store merchandisers realize the vagaries of human nature. Selling merchandise to thousands of people daily inevitably results in misunderstandings, hence the complaint department or adjustment service. While every possible remedy is used to keep complaints and misunderstandings to a minimum, such departments are still necessary because people are human and their actions in a particular situation are largely unpredictable. So it is with the solicitation of new charge customers. When a small group of interviewers, no matter how skilled or diplomatic, call on thousands of people, the element of human nature enters in. This element is the reason for the high rate of usage of accounts in personal solicitation, but it also can cause misunderstandings. Prospects who are seen in their homes range in degree from the person who wants an account badly and can hardly wait to use it, to people who are not quite sure whether they want an account or not. Interviewers have no way of knowing which type they are confronting, so they are trained to use a standard presentation which time and experience proves is acceptable to most people. But some people may resent it out of pure contrariness; others may accept an account and then change their minds (a woman's prerogative); some forget they already have an account and ask for another one; and some simply open accounts out of curiosity with no intention of using them.

Human nature being what it is, the surprising thing is that there are not more of these unpredictable and unavoidable misunderstandings. But careful training, intelligent interviewers and competent supervision does keep them to an amazingly low figure, actually less than one-half of one per cent of the calls made. But the "bug" is there and must be dealt with. The best method of handling such misunderstandings is to try and pacify the prospect and win her good will, just as merchandise complaints are handled. Remember the old saying, "A complaining customer can be turned into an even better customer, if handled properly." This saying holds good in merchandising new charge accounts as well as with goods and other services.

These are the "bugs" that can influence the account solicitation program, favorably or unfavorably. If they are recognized and dealt with on a logical basis, the program will be productive in increasing sales. If they are ignored, then the program will not be nearly as effective.

★★★

Credit Executives

Are at the Throttle of a Dynamic Force

LEONARD BERRY, *Educational Director, National Retail Credit Association*

POWERFUL FORCES are affecting our economy. Event crowds on event, making more complex, indeed even altering our basic concept of retail credit management. A challenging and significant time is ahead of us and we must be prepared to meet it. In this fast-moving period it is dangerous to rely on habits and yardsticks of past years. Just because many of us have "served our apprenticeship" and spent years of our maturity in the retail credit field is, of itself, no guarantee that we are mentally equipped to face successfully the needs of today. Those who are relative newcomers to credit management may find themselves required to cope with conditions very unlike those to which they have been accustomed.

Credit executives are at the throttle of a dynamic force. Soundly directed and controlled, credit can go far in sustaining and even lifting higher our economy. In the unsure grasp of the tyro it becomes a dangerous thing. In these critical days it is of first importance that the credit executive be capable, qualified and alert. It is of equal importance that top management take cognizance of the importance of the credit function. The Manager of Credit Sales rightfully claims a place on the executive committee of his organization. When general policies are being discussed and formulated, his special knowledge of economic conditions and particular understanding of the needs of the customer are essential in the creation of sound, workable policies.

The Manager of Credit Sales properly expects that his triple responsibility in modern business—creator of new business, good will envoy, and guardian of assets—be recognized and implemented by giving him a wide range of authority. It is not because he particularly wants to sit in the seats of the mighty, but his powerful and unique role in modern business urgently requires that his position be made clear and unequivocal. He must be part of executive management. In the troubled times that seem to lie ahead, if present trends are reliable, the credit executive will need every ounce of confidence and support from top management.

Obtain New Charge Accounts

If and as volume declines, he should increase his efforts to obtain new charge customers. To accomplish this he should not be handicapped by a reduction in his force of clerical assistants. The new business brought in by his efforts may make the difference between "break even" and the "plus." His budget should provide for an adequate staff to carry out a consistently maintained program of new account promotion, in addition to work on inactive accounts. In collection work, particularly, constant effort is essential to success. Therefore, his collection staff should be unaffected by any program of personnel reduction. It is well known that even a slight slackening of collection effort clearly and quickly shows in the collection percentage.

The Credit Sales Manager strongly affirms the necessity of thorough checking of credit applications, through the credit bureau, and opposes any penny-wise economy in credit bureau expense.

Because of the frequent changes in business conditions he asserts the importance of keeping constantly abreast of new developments. To keep informed, it is desirable that he meet for discussion of mutual problems with fellow credit granters in the community, state and nation. Only by contact with others can his horizon be widened, and his full abilities unleashed to fulfill completely his function. Every opportunity of attending local credit group meetings, state and district meetings and national conferences should be grasped.

Here, then, is a declaration of the importance of the position of Manager of Credit Sales in the business structure. The credit executive must be given the authority and the tools to discharge properly his immense responsibility.

Credit Executives Must Start Thinking

Having made this statement, credit executives themselves must do some stern thinking. Our position must be validated and justified by our performance. Responsibility brings necessity for production. With the mantle of authority goes the compulsion for ability.

To properly and completely deserve the place which we feel is ours, a program of personal development is essential. Credit education is today a paramount necessity. From the credit manager, to the latest newcomer, all need education and reeducation. Credit schools sponsored by the National Retail Credit Association and organized and conducted by local associations, in collaboration with credit bureaus, are filling this need in many cities and communities. Credit executives are urged to support, attend and participate in these credit schools. If, so far, no movement has been started to promote credit schools for your community, you have a splendid opportunity to take the initiative.

Every Manager of Credit Sales has a definite responsibility to keep his mental armory well furnished. He must continue to grow by properly fulfilling his present function and by eagerly accepting the increased opportunities his broadened concept of the job will bring.

Another challenge lies in the training of his assistants. Remembering how much he owes to those who gave him his start, he will want to pass on to the younger men the benefit of his experience, thus preparing them for positions of greater responsibility. On the younger men and women in the field of retail credit we place the obligation to be good students.

To summarize, we have shown the necessity of recognition by top management of the importance of the credit function. Achievement of this objective makes it essential that the credit executive be capable of adequately fulfilling his responsibilities. Credit schools have been cited as significant factors in the education of all members in the credit department. Active support of local credit associations and complete cooperation with credit bureaus lead to improvement of individual performance and betterment of credit conditions in the community. ***

On or Before January 15, 1950

Julius Peltz, C.P.A., New York, N. Y.

ON OR BEFORE January 15, 1950, it will be necessary for several million taxpayers to file federal income tax returns, the estimated tax returns required of every person whose earnings, in part or full, are not subject to withholding, as in the case of individual proprietors, partners, or recipients of dividend or rent income. Such persons are required to file quarterly estimated tax returns in place of withholding, and consist of taxpayers whose income *not* subject to withholding is expected to exceed \$100.00, as well as those whose earnings subject to withholding are expected to be more than \$5,100.00, without considering any exemptions other than their own.

Estimated Tax Returns

These taxpayers have presumably been filing estimated tax returns on one or all of the past filing dates, computing their payments on the basis of whatever information was available at the time, and amending such returns whenever changes in their original estimates appeared to warrant same. Whether a taxpayer is filing for the first time on January 15 or whether he is paying his final installment, the procedure is essentially the same. To begin with, the *total* income tax liability for the entire year 1949 is computed. Many taxpayers will know their exact income totals by this time. Others may not have all the details available and will need to estimate their totals. Whichever is the case, the tax liability will be computed according to the law applicable to 1948, since no changes affecting income taxes have been made since last year. From this tax liability is deducted the total amounts withheld during the year, or estimates thereof, if not known exactly. The remainder, the estimated tax *not* subject to withholding, is payable on or before January 15, 1950.

It is important to keep in mind the fact that this is the last time such an estimated tax return can be filed for 1949 income tax purposes, at least in the case of a taxpayer filing on a calendar year basis (and such a taxpayer is representative of the majority of the taxpaying public). For if the total of all his estimated tax payments, up to and including the one made on January 15, is less than the total final tax due, as computed on March 15, by *more than 20 per cent of this final tax*, a penalty can be levied. Such penalty is completely unnecessary and can be avoided, by *overestimating the tax due, if necessary*.

Another method of avoiding this possible penalty, and at the same time precluding the necessity for filing on March 15, is to file a *final* return on January 15. Of course, this can be done only if all of the income and expense details are known by this latter date.

Many taxpayers have already filed and amended their estimates on March 15, June 15, and/or September 15, and are probably familiar with the major provisions of the income tax law, especially those provisions which were in effect in their changed form for the first time

last year. They may still, however, want to review them for the purpose of possible revisions in their final quarterly (January 15) installments. Some taxpayers, those who postponed filing amended estimated returns to the last minute, should now so file. Then still others, those filing now for the first time, will also need to know what these provisions consist of. Therefore, a summary of some of the important portions of the existing income tax law to be considered in filing by January 15 would appear in order.

A most important feature of the law is the fact that husbands and wives can file income tax returns jointly and save money by so doing. Under the law, a husband and wife having incomes of \$5,000.00 and \$2,500.00 individually may pool their incomes, arrive at a total income of \$7,500.00 and pay a smaller tax as compared with what they would be required to pay if each filed separately. This is done by dividing \$7,500.00 in half, applying smaller tax rates to the resulting \$3,750.00, and then multiplying the net result by two. The procedure, in effect, splits the \$7,500.00 evenly between husband and wife. This splitting of income through the use of a joint return applies equally as well in cases where one of the spouses has no income at all. In order to file a joint return, however, the husband and wife must be married as of the last day of the year, even though they are not living together. If they are *legally* separated and are not living together, no joint return can be filed. Only in a few exceptional cases will husband and wife benefit by filing separate returns.

Another important feature of the law is that *all* taxpayers, single and married, are entitled to personal exemptions of \$600.00 each. The personal exemption is the amount a taxpayer can deduct from his income as an allowance for personal living expenses. Not only is he allowed to deduct this amount for himself, but he can also include his wife, his children, and any other close relatives whom he supports during the year, as additional exemptions.

Children as Exemptions

If a child or dependent earns less than \$600.00 during the year, he (the child) does not have to file his own return, and his income does not have to be included with that of the taxpayer. However, unless this child or dependent earns less than \$500.00, the taxpayer cannot claim him as an exemption. Therefore, it might pay to have the child or dependent earn *up to* \$500.00 and still have the taxpayer claim him as another exemption in the amount of \$600.00.

In the matter of deductions from taxable income (contributions, taxes, medical expenses, etc.), a taxpayer is allowed to deduct from his income his *actual* tax deductible expenses or a government expense allowance of 10 per cent of his income up to a maximum of \$1,000.00, whichever is greater. Thus, if husband and wife together earn a total of \$7,500.00 and their actual tax-deductible expenses amount to \$500.00, they can deduct \$750.00 (10 per cent of \$7,500.00) without any questions asked. On the other hand, if they earn a total

of \$12,000, and their actual deductions amount to \$500.00, they would be limited to \$1,000.00 as the government expense allowance, even though 10 per cent of \$12,000.00 amounts to \$1,200.00. The same benefit applies as well to single taxpayers. If married people, however, file returns separately, then the maximum government expense allowed to each is \$500.00. This is so, because if each were allowed a maximum of \$1,000.00, together they could be receiving a maximum credit of \$2,000.00.

In the case of medical expenses, unmarried taxpayers can deduct up to \$1,250.00 for themselves and/or their dependents, and up to \$2,500.00 if they have any exemptions. This latter figure, however, is their maximum (two exemptions multiplied by \$1,250.00 for each exemption). On the other hand, a married couple filing a joint return is allowed the same maximum deduction of \$1,250.00 for exemption including themselves, up to a total of four exemptions. Thus if husband and wife file a joint return and they have two or more children or dependents, they can deduct medical expenses in an amount up to \$5,000.00 (four exemptions multiplied by \$1,250.00 for each exemption.)

Concerning medical expenses as such, these expenses include not only doctors', dentists', and hospital bills, but also nursing costs, drugs, medicines, eye glasses, vitamins, hospitalization insurance, and the cost of convalescence, together with any transportation costs incurred in traveling to the place of convalescence.

With respect to charitable contributions, many taxpayers frequently deduct contributions given in the form of cash only. What they are not aware of is that con-

tributions, if given to recognized charities, are tax-deductible if they are also in the form of food, clothing, books, furniture, etc. Whatever these material contributions are *worth* at the time of donation is the amount to be deducted, regardless of how much or how little had been paid originally for these articles. Thus, if a book dealer donates books which cost him \$100.00 and which can now be sold for \$175.00, he is entitled to a deduction of \$175.00.

In connection with the subject of deductible expenses, records of all such items should be kept. These expenses should be recorded in some systematic way *during* the year so that, on March 15, tears, sweat and toil can be avoided in the search for same. This applies particularly to medical expenses and charitable contributions. While the government expense allowance of 10 per cent of the income is, in many cases, more than one's actual expenses, it is surprising to find how large the total of almost-forgotten contributions and medical expenses can sometimes be. And one should always compare the total of these and other actual expenses with the government allowance *before* choosing one or the other. For once the choice is made, and the March 15 date is passed, such choice is irrevocable, no matter what one discovers subsequently concerning his expenses.

As previously mentioned, the foregoing comments are not intended to be a detailed analysis of the income tax law. Their purpose is to acquaint the taxpayer with some of its important aspects, and to attempt to point out to him the fact that a thorough understanding of its various phases will enable him to bear his share of the tax burden in an equitable manner. ★★

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LOCAL ASSOCIATION Activities



District One at Swampscott

At the annual meeting of District One, held in Swampscott, Mass., the following officers and directors were elected for 1949-50: President, Alexander Hardin, John H. Pray & Sons, Boston, Mass.; Vice-President, Clifton M. Pike, Porteous, Mitchell & Braun Co., Portland, Maine; Secretary-Treasurer, Marshall W. Hunt, Credit Bureau of Greater Lynn, Lynn, Mass. National Director: Harry A. Hartford, Paine Furniture Co., Boston, Mass. Directors: A. E. Cameron, Ware, Pratt Co., Worcester, Mass.; Margaret L. Coakley, Shartenberg's, New Haven, Conn.; Edgar N. Courtemanch, D. M. Read Co., Bridgeport, Conn.; Charles E. Donilan, Boston Store, Providence, R. I.; John A. Hendry, Ogilvy's, Montreal, Quebec, Canada; and William J. Kirby, Gilchrist Co., Boston, Mass.

Cincinnati, Ohio

Elected as officers and directors at the annual meeting of The Associated Retail Credit Grantors of Cincinnati, Ohio, were: President, Carroll Whisler, Mabley & Carew Co.; Vice-President, Roy Gale, The H. & S. Pogue Co.; Executive Secretary, Allison P. Koelling, Credit Bureau of Cincinnati; and Treasurer, Fred Konersman, Potter Shoe Co. Directors: Harry Timmer, Alms & Doeple Co.; Robert Moorman, Dunlap Clothes Shop; Wesley Keller, Preferred Credit Corp.; and Winston Clark, John Shillito Co.

Bremerton, Washington

At the annual election of the Credit Grantors Association of Kitsap County, Bremerton, Washington, the following officers and directors were elected: President, Jerome Powell, Puget Sound Power & Light Co.; Vice-President, Larry Grams, National Bank of Commerce; Secretary, Avadana Cochran, Credit Bureau of Kitsap County; and Treasurer, Bertha Goltz, Sam Fitz. Directors: Evald S. Benson, Kerr Motors; and Lee Brandenberg, Seattle First National Bank.

Newberg, Oregon

The Newberg Credit Association, Newberg, Oregon, elected the following as officers and directors for the coming year: President, R. M. Curtis; Vice-President, Carl S. Calef; and Secretary, Herman Wilke. Directors: Raymond Buckley; George Hickert; and Fred Deiner, Miller Mercantile Co.

Lebanon, Oregon

At the organizational meeting of the Lebanon Credit Association, Lebanon, Oregon, the following officers and directors were elected: President, William Phipps, Mayflower Milk Co.; Vice-President, Earl Saxton, Earl Saxton Insurance Co.; and Secretary-Treasurer, Joe Benjamin, Credit Bureaus. Directors: Vernon Nelson, First National Bank of Lebanon; Mel Baker, Long Bell Lumber Co.; Lloyd Gilson, Gilson's Hardware;

Dale Weeks, Scott Chrisman Motors; Roland Lent, Leon's; Roy Long, Roy Long's Appliance; M. N. Clark, Moty-Van Dyke; and Jack Lemons, H. Den Herder's Appliance.

Sweet Home, Oregon

The following officers and directors were elected at the organizational meeting of the Sweet Home Credit Association, Sweet Home, Oregon: President, Allan Eames, Bank of Sweet Home; Vice-President, Ralph Severson, White Furniture; and Secretary-Treasurer, Joe Benjamin, Credit Bureaus. Directors: Joe Fallon, Fallon's Electric; Ed Cardwell, Cardwell's Department Store; Dan Ashton, Santiam Feed Store; Bill Affolter, Willamette National Lumber Co.; Willard Arnold, Willard Arnold Service Station; and Raleigh Middleton, Raleigh's Grocery.

Notice

Secretaries of local N.R.C.A. units throughout the country should send to the national office the new list of their officers and directors for the coming year immediately after their annual election. Send them to Arthur H. Hert, Secretary, National Retail Credit Association, 218 Shell Building, St. Louis 3, Missouri.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933.

Of CREDIT WORLD, published monthly at St. Louis, Mo., for October 1, 1949.

State of Missouri
City of St. Louis 18.

Before me, Notary in and for the State and county aforesaid, personally appeared Lindley S. Crowder, who, having been duly sworn according to law, deposes and says that he is the Editor of The CREDIT WORLD and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 577, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: St. Louis, Mo.
Publisher, National Retail Credit Association
Editor, Lindley S. Crowder
Managing Editor, Arthur H. Hert
Business Manager, E. E. Hamner

2. That the owner is: National Retail Credit Association, 218 Shell Building, St. Louis 3, Mo.; R. T. Schatz, President, Washington Water Power Co., Spokane, Wash.; Clarence E. Wolfgang, First Vice-President, Lit Brothers, Philadelphia, Pa.; Royce Schert, Second Vice-President, "Wichita Eagle," Wichita, Kan.; and F. Wm. Johnson, Third Vice-President, Nieman Marcus, Dallas, Texas; L. S. Crowder, General Manager-Treasurer, 218 Shell Building, St. Louis 3, Mo.; and Arthur H. Hert, Secretary, 218 Shell Building, St. Louis 3, Mo. No stock. Official organ of the National Retail Credit Association.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also in cases where the stockholder or security holder appears upon the books of the company as trustee, agent, and other fiduciary relation, the name of the person or corporation for whom such trustee is acting, and I further declare that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, and hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

L. S. CROWDER, Editor.
Sworn to and subscribed before me this 6th day of October, 1949.
(My commission expires May 18, 1953.)

Mary E. Riordan.



Card Reactivates Accounts

SHOWN BELOW is an attractive greeting card for the purpose of interesting customers in using their inactive accounts. This card is in the form of a lithographed folder with the front cover shown below at the left and when opened is as the picture shown at the right. When folded there is also a "Hello" on the back. They are enclosed in an envelope for mailing. The Walker Bros. Dry Goods Co., Wichita, Kansas, has used this card with the idea of reactivating accounts. This has proved to be effective as 58 per cent of those receiving them when they were sent out last May have reopened their accounts and are now using them regularly. These cards are a product of the Gibson Greeting Card Co., Cincinnati, Ohio.

New Credit Plate System

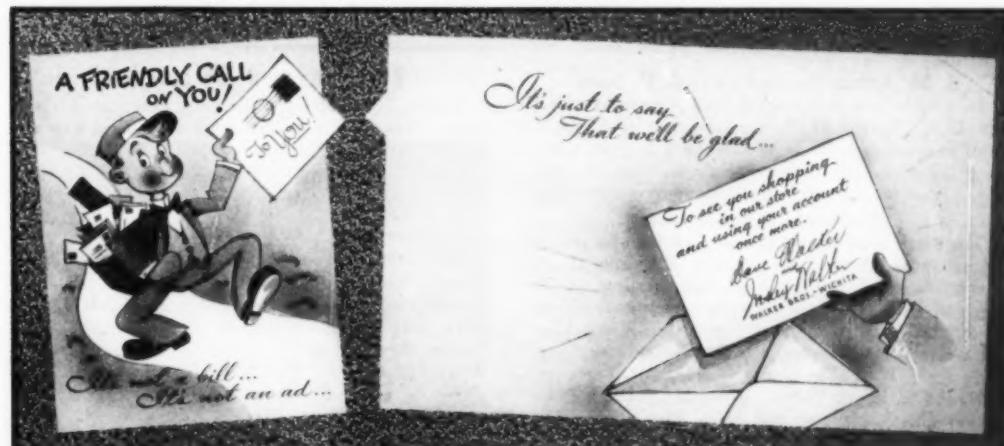
MECHANIZING 80 per cent of the writing entailed in making out a sales slip, the new Addressograph Credit Plate System, in the development stage for the past three years, has at last been introduced at the Addressograph-Multigraph Corporation's plant in Cleveland. The system operates similar to existing token systems, but in addition, provides for the printing of the type of sale: charge; C.O.D.; cash; or blank space for special instructions. It also shows the department number, date and salesclerk's identification number.

The classification of the sale is accomplished by turning a small square knob on the base of the recorder; while department number and date are set in type when the unit is serviced prior to the day's business. The clerk's number is on a special small plate which is carried

in the salesbook and inserted with the customer's credit plate when the transaction is made. The recorder itself is available in permanent mounting and portable models, as well as in special models for alteration departments or other departments where special sales forms are used. It is set up so that the credit plate never touches the inked ribbon, thereby eliminating ink-stained fingers. The recorder is finished in a neutral crackle finish to harmonize with all types of store equipment.

The credit plate has a five-line capacity or can be set up to provide large alpha-numeric account numbers plus three address lines. Credit plates are obtainable notched for city and store identification or with multi-store notches for group installations. The plates are slightly different in size from that of other such systems, but the systems may be used interchangeably. The recorder, plates, type, etc., are sold to the retailer, not leased or rented. The retailer, in putting in the system, uses his own name. For instance, at Hudson's, the system is known as the Hudson Credit Plate and is serviced entirely by the store. Plates and salesclerks' identification tags can be embossed on any standard Graphotype machine.

The recorder itself will sell for under \$40.00, with credit plates costing approximately 4 to 5 cents each. Salesclerks' identification tags will be under \$10.00 per hundred. Company officials point out that the system can be used on every sales check written during the day, inasmuch as the type of transaction, department number, date and salesclerk number can be put on every sales check whether the customer has a credit plate or not. It also provides legible labeling for delivery information. The company is now in regular production on Credit Plate parts and supplies.



CREDIT FLASHERS

Samuel Alexander Mayor

Samuel Alexander Mayor, Credit Manager, Krauss Company, Ltd., New Orleans, Louisiana, died in September. A gold pin had been awarded him for 20 years of service and altogether, he had held this position for 24 years. Mr. Mayor was President of the Retail Credit Association of New Orleans in 1932, and on August 16, was one of the Past Presidents honored at their 25th Anniversary Dinner. He had previously been auditor for the Southern Tire Co., New Orleans, and cashier of the Greenville Savings Bank and Trust Co., Greenville, Miss. Mr. Mayor also served as Director of the New Orleans Retailers Credit Bureau.

J. A. Hazlewood

J. A. Hazlewood, credit manager of Blackburn Brothers, Amarillo, Texas, for many years died recently. He was president of the Retail Credit Executives of Texas in 1941-42 and a prominent member of Texas credit circles.

R. A. Herrick in New Position

Richard A. Herrick, Credit Manager, Jordan Marsh Co., Boston, Mass., has accepted the credit manager's post at Linder-Davis and Sterling & Welch, Cleveland, Ohio, replacing Cyrus N. Child. Mr. Herrick spent 22 years with two of Boston's leading stores. He was a member of the N.R.C.A.'s Boston Conference Committee and Chairman of the Department Store Group Conference.

Walter Kidwell New Credit Manager at Foley's

Walter Kidwell, formerly Assistant Credit Manager, W. C. Stripling Co., Fort Worth, Texas, has been named Credit Manager, Foley Brothers, Houston, Texas. He succeeds E. H. Lasseter, who resigned recently.

Promotion for Fred Wurster

Fred Wurster has been promoted from Assistant Credit Manager to Credit Manager, Hens & Kelly, Buffalo, New York. He succeeds Frederick Hardy who resigned.

E. M. Arthur Succeeds Frank P. Scott

In a credit post change which took place in Washington, D. C., Elwood M. Arthur has succeeded Frank P. Scott as credit manager of Woodward & Lothrop. Mr. Scott has retired after being with the company 51 years. Mr. Arthur was advanced from assistant credit manager.

Pittsburgh, Pennsylvania

The Retail Credit Association of Pittsburgh has elected the following officers and directors: President, H. A. Clarke, Boggs & Buhl's; First Vice-President, J. A. Wagner, Home Discount Corp.; Second Vice-President, E. A. Beard, Potter Title & Trust Co.; Third Vice-President, A. W. Blieszner, *The Pittsburgh Press*; Secretary, T. L. Ford, The Credit Bureau; and Treasurer, J. A. White, Harris Stores. Directors: John R. Johnson, Hughes & Hatcher; and T. A. McCaffrey, Thos. McCaffrey Real Estate.

Coming District Meetings

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting at the Radisson Hotel, Minneapolis, Minnesota, March 26, 27, and 28, 1950.

District Eight (Texas) will hold its annual meeting in Fort Worth, Texas, May 21, 22 and 23, 1950.

District Nine (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting at the Vail Hotel, Pueblo, Colorado, April 23, 24 and 25, 1950.

District Twelve (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia) will hold its annual meeting at the Hotel Statler, Washington, D. C., February 12, 13 and 14, 1950.

Portable Bad Check File in Knoxville

In Knoxville, Tennessee, the police department has set up a new portable photograph and identification file on known bad check artists. The Retail Credit Association can now have the portable file sent to members so they can look through it quickly for possible suspects. Previously, they had to leave their stores and go to police headquarters to search their files. Therefore, the merchants appreciate this new system and the helping hand being given them.

Vincent McConn in New Position

Vincent McConn, formerly co-manager of the Credit Bureau of El Paso, is now associated with A. S. Jacobs, credit manager, Popular Dry Goods Co., of that city. Recently Mr. McConn was associated with a local radio station. He has been active in Retail Credit Association affairs in Texas, and is a past president of the Texas Retail Credit Bureaus.

E. L. Carter With Akron Credit Bureau

E. L. Carter is now with The Akron Credit Bureau, Akron, Ohio, in the position of Secretary-Manager. He was formerly with the Credit Bureau of Cleveland.

Position Wanted

CREDIT MANAGER. Twelve years' experience in credit work. Now with large department store doing a volume of approximately 14 million. Experienced also in Public Relations, Collections and Management. Age 40. Box 892, The CREDIT WORLD.

For Sale

Well established credit bureau and collection agency. Southwest Arizona. Box 1191, The CREDIT WORLD.

Rotary file, used one and one-half years, half original price, now \$167.00. Includes one Remington Rand Rotary, Model No. VI-339939, 75 frame capacity, 56 frames, Model No. VI-46120.8 with tubes and 2,400 signals of green, blue, purple and red. Capacity each frame 180 names and addresses. Write M. R. Anderson, J. B. Sperry Co., Port Huron, Mich.

Credit School at Tampa

The Retail Credit Managers Association of Tampa, Florida, has completed a ten-week credit school based upon Dr. Clyde William Phelps' *Retail Credit Management*. The idea of sponsoring such a course came through an address to their association by L. S. Crowder, General Manager-Treasurer, N. R. C. A. A committee was appointed to study the possibilities and after having discussions with the heads of the University of Tampa and the Brewster Vocational School, the committee recommended that they conduct the school themselves, supervised by the Brewster Vocational School. The University had asked for a guarantee of \$500.00 which it was believed would be excessive and the fee of \$10.00 or more per student would be too high to be attractive to many of their prospects.

The Brewster Vocational School provided a teacher at no cost. A study room was donated by the Pittsburgh Plate Glass Co., and folding chairs were donated by a local trailer park. A fee of \$5.00 per student was decided upon which was to cover the cost of the textbook, supplies, and a graduation dinner.

An attractive pamphlet was sent out to all the members of the Merchants' Association, as well as members of the Retail Credit Managers Association, announcing the school and giving information as to the subject of the course, listing subjects to be included. It also gave complete information regarding date, duration, place and cost. A bulletin accompanied the pamphlet and several enrollment cards were enclosed.

Fifty textbooks had been ordered as an enrollment of about 40 was expected. However, the total enrollment was 92 with 80 completing the course. The classes were held once a week for a two-hour period. The first half of the evening was given to textbook instruction and discussion. The last portion was used as a lecture period which was devoted as nearly as possible to the subject covered by the lesson taken from the textbook that evening. In a few instances the speakers talked on related matters of which they were more familiar. These talks were well received and proved to be quite beneficial and educational. The lecturers were chosen for their practical experience in the various subjects presented.

Shown below is R. C. Bryan, President, Retail Credit Managers Association, Tampa, presenting a diploma to one of the students, Helen Warrick. V. H. Northcutt, Executive Vice-President, First National Bank, is standing by to congratulate her after the presentation.



Credits and Collections in Theory and Practice (Theodore N. Beckman and Robert Bartels, McGraw-Hill Book Co., 330 W. 42nd St., New York 18, N. Y., 800 pages, \$6.00.) This fifth edition of a basic text in credits and collections is revised for the purpose of acquainting the student with the principles of credit and collections. It also furnishes discussion relating to the social and economic roles of credit, along with statistics on the subject. All recent advances in the field have been covered, including revolving charge accounts, current competitive position of lending agencies, etc. There is in this edition more emphasis on the connection of credit with its economic and theoretical implications and on consumer credit. The material has been reorganized so as to place the subject of consumer credit in one section and mercantile credit in another. There are new and helpful figures, charts, forms and tables. A new chapter has been added dealing with the general economic and business conditions affecting credit decisions. The appendix contains customary terms of sale in domestic trade, a name index and a subject index.

Cases in Credits and Collections (Theodore N. Beckman and Schuyler F. Otteson, McGraw-Hill Book Co., 330 W. 42nd St., New York 18, N. Y., 369 pages, \$4.50.) This book contains 60 cases taken from the files of credit departments and referees' offices which have been edited and organized for the purpose of viewing credit and collection problems in the light of sound credit policy from the standpoint of management and society. The actual cases covering 32 lines of manufacturing, trade and finance, include such developments as floor financing of inventories and financing of sales by dealers through finance companies. The cases deal with both consumer and mercantile credit, as it is believed that credit managers operating on one economic level can learn from the experience of those operating on another level. The final decision in each case has been given, although this does not necessarily mean that it is the correct answer or only solution to the problem. Therefore, each decision must be carefully evaluated by the student. Questions regarding each case are given following the decision in the case.

1949 Credit Management Year Book (Edited by A. Leonidas Trotta, National Retail Dry Goods Assn., 100 W. 31st St., New York 1, N. Y., 448 pages, \$6.00 to members, \$10.00 to non-members.) This is a completely new Year Book, containing the work of 86 experts with solutions to retail credit problems. The 35 chapters cover the following subjects: Consumer Credit, Credit Sales Promotion, Collections, Expense Control, Branch Store Credit Operations, Retail Credit Management, Instalment Credit, Personnel, and Credit Bureau Relations. There are new topics to help in formulating a sound working policy of ways to collect accounts and control overbuying in our present economy, as well as tested plans for increasing the efficiency of credit operations.

Credit Department Letters

W. H. BUTTERFIELD

"Courtesy pays more dividends," says Bert Barnes, "than any other one quality within the privilege of man. A kind word not only dispels one's own pet grouch, it nips in the bud all the little half-formed gourches growing in those about you."

Much has been written in these columns about the importance of courtesy in credit department letters. Courtesy is not only an asset, but an essential, in building good customer relations. And this vital quality costs absolutely nothing!

This Month's Illustrations ➔

The five letters presented on the next page cover a variety of situations that arise in the credit department. Each letter shows consideration for the customer. Each message illustrates the value of courtesy in building consumer good will.

Illustration No. 1 follows up the opening of a new charge account. It emphasizes the convenience of credit as a time saver in shopping, and invites the new charge customer to use her account often. Such a letter of welcome builds good will among new credit patrons. It also stimulates the use of new accounts.

Illustration No. 2 is a "thank-you" note based on the first anniversary of the customer's account. Coming as a complete surprise to the reader, such a message is convincing evidence that her patronage is noticed and appreciated. The letter makes the most of its opportunity to pay the customer the compliment of individual recognition.

Illustration No. 3 thanks a customer for consistent promptness in the payment of his budget account. In addition to building good will, the letter encourages the customer's further use of budget-account terms.

Illustration No. 4 is a collection reminder suitable for mailing to customers with good credit records. The letter is based on the assumption that non-payment is due merely to oversight. The tone of the message is friendly; there is no trace of annoyance, no suggestion of doubt as to the reader's intentions. This type of letter pulls well among customers who are late only occasionally in paying their accounts. It should not be used, of course, in collecting from persons who are habitually slow in making payment.

Illustration No. 5 thanks a customer for recommending the store to a friend. Such an expression of appreciation not only builds good will, but it encourages the reader to make similar recommendations to other friends. Although a few stores use a message of this type, many firms overlook it because it applies only to a few individual cases each month. But this very fact serves to personalize the situation, and makes the letter unusually effective in building customer loyalty.

The average length of the letters appearing on the next page is only 61 words. One does not have to be long winded to be courteous. Words like *thank you* take very little time or space. They will never be dropped from the vocabulary of the progressive credit correspondent.

Consideration for the other fellow

Ommission of negative words and ideas

Understanding of your reader

Respect for his intelligence

Tact in expressing your ideas

Evidence of helpful interest

Sincerity and friendliness

Your attitude or viewpoint

Mrs. R. L. Simpson
1234 Any Street
Any City, Any State

Dear Mrs. Simpson:

It is a real pleasure to welcome you as a new charge customer.

We appreciate this expression of your confidence in Blank Brothers, and every effort will be made to deserve it. Whenever you visit the store or shop by telephone, you will find your account a real convenience and time saver. We cordially invite you to use it often.

Sincerely yours,

Your Signature

Your Name Typed

Your Business Title

Mrs. Donald Tyler
1234 Any Street
Any City, Any State

Dear Mrs. Tyler:

Your Blank Brothers account has a birthday today. It was exactly a year ago that you became one of our charge customers.

It has been a pleasure to serve you through your account, and we hope to do so for many more years. We appreciate your patronage and want to say a sincere "Thank you!"

Cordially yours,

Your Signature

Your Name Typed

Your Business Title

Mr. Allen Davis
1234 Any Street
Any City, Any State

We owe you a letter, Mr. Davis...

...to express our thanks for the fine manner in which you have handled your budget account.

Though the account is marked "Paid in Full," we hope for other opportunities to extend this convenience to you.

You have established an A-1 record at Blank Brothers, and it's a real pleasure to do business with you.

Sincerely yours,

Your Signature

Your Name Typed

Your Business Title

Mrs. Robert B. Dennis
1234 Any Street
Any City, Any State

Dear Mrs. Dennis:

Your account is usually paid so promptly that we feel sure your June statement amounting to \$28.50, has just been overlooked.

Your check will be appreciated, and it will maintain your excellent credit record at Blank Brothers. We know you'll gladly co-operate by sending it today.

Sincerely yours,

Your Signature

Your Name Typed

Your Business Title

Mrs. Robert A. Carson
1234 Any Street
Any City, Any State

Dear Mrs. Carson:

When Mrs. John Willis opened a charge account with us the other day, she mentioned that your recommendation had led her to shop at Blank Brothers.

It was a pleasure to arrange an account for Mrs. Willis, and we gladly accept the responsibility of serving her well.

At the same time, we deeply appreciate the spirit of friendship and confidence that caused you to recommend this store. You can be sure of our best efforts to deserve it in the years to come.

Sincerely yours,

Your Signature

Your Name Typed

Your Business Title



Items of Interest From the NATION'S CAPITAL

HAROLD L. SCHILZ, Counsel, National Retail Credit Association, Washington, D.C.

Legislative Committee Meeting

The Legislative Committee, consisting of John K. Althaus, Washington, D. C., R. M. Severa, New York, N. Y., J. M. Stedehouder, Washington, D. C., Samuel Collegeman, Washington, D. C., Abe Coonin, Comptroller, Hahn's Stores, Washington, D. C., met with L. S. Crowder and Harold L. Schilz at Washington on September 28, 1949. The discussion of legislative items important to the National Retail Credit Association lasted practically all day.

Clarence E. Wolfinger, Philadelphia, who is chairman of the committee, was unavoidably absent because his employers, Lit Brothers, were opening a new suburban store and this and other problems made his presence in Philadelphia imperative. Three principal items of discussion at the meeting concerned re-introduction of legislation which would allow the garnishment of salaries of all types of Federal employees except those who are in the military services, further representations to Congress concerning repeal of telephone and telegraph excise taxes, and exploring methods that can be used by the various communities to obtain sound credit terms and sound credit procedures.

Farm Price Support Plans Pending in Congress

We all favor as much economy in Government as is possible commensurate with the greatest good of the whole nation but it is also obvious that any drastic reduction of income of the farmers of the nation reflects itself immediately in the purchasing power of the country and drastically affects all forms of consumer credit. In other words, if the farmers of the nation in general are subjected to a depression through lowered income, it is inevitable that a depression will follow throughout the nation. For this reason we have had price support of various types on basic commodities beginning with the Agricultural Adjustment Act of 1938. The basic commodities are cotton, wheat, corn, tobacco, rice and peanuts. For price support purposes, nonbasic commodities have included rice, barley, oats, flax, eggs, poultry, dairy products, beef, pork, certain varieties of peas and beans and potatoes. This price support has assumed the form of Government purchases of commodities, through the Commodity Credit Corporation and others, when the general market prices have declined below certain levels known as parity prices.

In 1948 Senator Aiken of Vermont had a law passed which would take effect on January 1, 1950 under which a sliding scale of price supports would be paid varying from 60 to 90 per cent of parity on the basic commodity crops and from zero to 90 per cent of parity on nonbasic commodities, both at the discretion of the Secretary of Agriculture.

The parity formulas on the various commodities are rather complicated in character. It is understood that they are computed on the basis of a ten-year average of the crop prices, and of course where a farmer has complied with the requests of the Department of Agriculture as to acreage curtailments,

he becomes entitled to his individual quota of support on the parity price basis.

The flexible percentage arrangement in the Aiken law and in the new Anderson bill, just recently passed by the Senate, and the Gore bill, recently passed by the House, come into controversy because through the lower minimum percentages fixed, lower payments can be made to farmers who exceed acreage allotments suggested by the Department of Agriculture.

The so-called Brannan plan, which has not passed either house of Congress, still remains a major legislative issue. It varies radically from the three Acts previously discussed in that farmers would be allowed to sell their commodities at whatever market price they could obtain, i.e., the so-called "level of supply-and-demand market" and the difference between such prices and parity prices would then be reimbursed to the farmers in the form of direct subsidy payments. It is readily seen that it would also involve the keeping by them of complicated books, records and sales slips to such an extent that it would be difficult for many to comply. It evidently does not contemplate that the Federal government would step in to the market as it now does to make purchases of products in order to keep the prices up to parity basis. It has been estimated and predicted by some of the Senators that the operation of this plan would greatly increase the cost of farm price support programs. Some state that the additional bill to the American people would amount to five billion dollars a year; thus imposing a tax burden which they do not believe the consumer can or should bear.

There are radical differences between the Anderson bill and the Gore bill which have passed the respective houses of Congress and which at the time this article was written were in Conference Committee. The writer predicts that either one of these two bills will be adopted, the other discarded or possibly a compromise solution arrived at between the two. The Anderson bill is almost identical with the Aiken law except that it provides supports of 75 per cent to 90 per cent of parity instead of the 60 per cent minimum set in the Aiken law. The Anderson bill proposes to keep in effect the same rigid 90 per cent price supports on the six basic commodities for the first year of its operation but to allow a drop to 75 per cent in other years and on other commodities (60 per cent in the case of wool and Irish potatoes). The Gore bill varies from this in that it would protect dairy, pork and poultry products at 90 per cent during 1950 and would allow a drop on other nonbasic products varying from zero to 90 per cent, with a 60 per cent figure fixed for the year 1950 for turkeys, Irish potatoes, flaxseed, soybeans and some other commodities.

Actually the fundamental difference between the two laws that have passed the two houses of Congress, seems to the writer to be in the types of commodities and extent to which they are protected, thereby possibly working to the advantage or disadvantage of certain sections of the country.

5,000 New National Members

5,000 new National members is our goal for this year. Already the new district and state membership chairmen are busy appointing their committees for the year. We of the membership committee are pledging ourselves to obtain at least 5,000 new members, exclusive of cancellations. *Won't you help us?*

If you do not have a Credit Association in your city, why not write to our National Office for information on its organization. Believe me, it will pay big dividends to you and to others who join you. Your local Credit Bureau manager will also be glad to help you.

Those of us in cities who have Credit Associations can testify as to its inestimable value in bringing about a freer exchange of credit information among its members. Educational courses the National Association provide help to train those starting in credit work and those credit executives who wish to increase their knowledge of credit granting. This is the only one of the many advantages in belonging to the National Association.

Ours is a growing association. It will continue to grow and with this growth comes strength. The larger the association, the greater will be its voice in matters of national legislation affecting credit.

National Membership Committee

There is a member of the national membership committee near you. Each one stands ready to help you to either increase the membership in your own association or assist you in organizing an association where none exists. Here are the members of that committee:

District No. 1 (Conn., Me., Mass., N. H., R. I., Vermont, Quebec and Nova Scotia, Canada.)

District Chairman, Alexander Harding, John H. Pray and Sons, Boston, Mass.

District No. 2 (New York and New Jersey.)

District Chairman, Hugh M. Martin, The Addis Co., Syracuse, N. Y.

District No. 3 (Fla., Ga., N. and S. C.)

Florida State Chairman, Garland A. Grange, Richard Store Co., Miami, Florida.

District No. 4 (Tenn., Ala., Miss., and La.)

District Chairman, P. R. Philip, Ferguson Furniture Co., Jackson, Miss.

District No. 5 (Ky., Ohio, Mich., and Ontario, Canada.)

District Chairman, Thomas G. Black, The Rayl Co., Detroit, Mich.

District No. 6 (Iowa, Minn., Neb., N. Dak., S. Dak., Manitoba, Canada and Superior, Wisconsin.)

District Chairman, Wm. G. Anglin, Field Schlick, St. Paul, Minn.

District No. 7 (Kan., Okla., Mo., and Ark.)

Arkansas State Chairman, L. Bromo Wilson, Watts Bros., Camden, Ark.

Missouri State Chairman, Kenneth Oetzel, Boyd's, St. Louis, Mo.

District No. 8 (Texas.)

District Chairman, F. Wm. Johnson, Neiman-Marcus, Dallas, Texas.

District No. 9 (Colo., N. M., Utah, and Wyo.)

District Chairman, Wm. E. Glass, Jr., Cottrell's, Denver, Colo.

District No. 10 (Alaska, Idaho, Mont., Ore., Wash., Alta., B. C., and Sask., Canada.)

District Chairman, Richard Wright, Metropolitan Branch, Seattle First National Bank, Seattle, Wash.

District No. 11 (Ariz., Calif., Nev., and Hawaii.)

District Chairman, David Blair, H. Leibes & Co., San Francisco, Calif.

District No. 12 (Del., D. C., Md., Penn., Va., and W. Va.)

District No. 13 (Ill., Ind., Wisconsin except Superior.)

Illinois State Chairman, Mrs. Dorothe Bolte, Lyons Bros. Lumber & Fuel Co., Joliet, Ill.

Indiana State Chairman, Jack Settles, Sears Roebuck & Co., Anderson, Ind.

Wisconsin State Chairman, Carl Prosser, Boston Store, Milwaukee, Wisc.

In addition to the above list are all officers, past presidents, and district presidents of N.R.C.A. and A.C.B. of A., as well as local membership chairmen. These are the officers of our army—give them the cooperation they deserve. With our 26,000 members to help us sign new members, the 5,000 figure will be easy.

Harry E. Jones
General Membership Chairman

Credit School Activities in San Jose

The San Jose State College, San Jose, California, has since the beginning of 1948, conducted a course in credit management. H. Price Webb, Co-ordinator, is in charge of this program which is available to the upper division of the school. There has been an average enrollment in these classes of approximately eighty students. Dr. Clyde Wm. Phelps' text and reference book published by the N.R.C.A., *Retail Credit Fundamentals* has been used as the basis of this course, with Waldo J. Marra's "Streamlined Letters" used as a supplementary. It is the intention and plan of the commerce department to continue these classes indefinitely. Study based on Dr. Phelps' new book, *Retail Credit Management*, undoubtedly will be added to the courses for advanced work next spring.

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Granting Credit in Canada

C. B. FLEMINGTON . . Canadian Correspondent



It's a Racket—Or Is It?

Public Relations Department, Unemployment Insurance Commission

CANADA has a new indoor pastime with more players than the give-aways or the horses. Just about two and a half million people are playing it (though some of them do not know it), and for good measure there are also a couple of hundred thousand employers who are in it too. What is this new game? The people who actively play it call it "Beating Unemployment Insurance" or for short, "Beating Unemployment."

In 1940 Canada passed a new law, "The Unemployment Insurance Act." This required workers and employers (and the Government too) to pay into a fund which would be used to pay benefits when persons who had contributed became unemployed. At first there was a terrific howl from everybody who saw another payroll deduction on the pay envelope. "We'll never be unemployed." "Just another dodge for the government to raise money," and so on. After a while everybody got used to it. There was a war on and pay cheques were bigger and bigger even with deductions for income tax and war bonds and other things. Since then a lot of people have cashed in, by far the biggest majority of them legitimately. But as with all these things, there have been a few racketeers and the word soon gets around. After all, the men and women who are really looking for work are not broadcasting the fact that they are getting unemployment insurance to tide them over between jobs. But the so-called smart people who are not looking for jobs cannot keep a good thing quiet and do not hesitate to tell their friends and all the world that they are smart.

So everybody hears of the chiselers and no one bothers about the thousands who really deserve their benefits. Remember the shortage of gas in Windsor a few years ago that shut down practically every industry in town? The workers who were laid off do, and so do the merchants who stayed in business. So does the City Council who had no relief problem. So do the landlords who got their rent. That is only one instance and there are hundreds like it to show that unemployment insurance is a good thing and necessary even if there are a few who get something that does not really belong to them.

The trouble is that no one takes time to find out what it is all about. It is something like a fire insurance policy. You do not read the fine print until after you have a fire, and then sometimes it is too late. No one who is working takes time to read all the rules because every one of us is sure that when the layoff comes it will be the other fellow who gets the blue slip. So it is easy for rumours to spread and misinformation to get around.

But let us get back to that national pastime, the one that is talked about over the bridge game, in the streetcars and the beer parlors. What is this racket? There

are lots of angles but the most common run something like this. Minnie decides to get married and tells the boss. A few days before she leaves, she asks the boss to do her a favor. Will he fire her because he is reducing the staff? "Why?" "Well, if you fire me I can draw my unemployment. If I quit I have to wait a couple of months." Minnie has been with the firm for a long time and the boss takes a chance and fires her. If he does, he forgets two things. He is wasting the money his firm has paid into the fund and he is also liable to get hauled before the magistrate for supplying false information. And if that is pinned on you, Mr. Boss, there is a healthy fine and perhaps 30 days.

Minnie gets back from the honeymoon and goes down to the employment office. The first thing that happens to Minnie is that she has to register for employment. She is a good stenographer and there is still a shortage. So, instead of lining up for her money as Minnie thought, she is sent out on a job that is listed with the office. "Not so good," says Minnie, "I don't want a job, but I do want my unemployment." So well-dressed Minnie with her new hairdo makes a few transformations and arrives at the prospective employer's without her teeth and with her hair straggling down around her ears. Naturally she does not get the job and trots back to the employment office and demands her unemployment. But there they smell something slightly fishy and while Minnie waits there is a phone call to the employer that the fat is in the fire. No job for Minnie (she did not want one anyway) but what is worse, no unemployment insurance.

A Pension Retirement Case

Then there is the old chap who retires on pension. He has been paying in for years and never gotten anything out. And now he is retired so he had better cash in. Some time ago there were pictures in the paper of a railway engineer finishing his last run. He got the thanks of the company and a gold watch and told the reporters that he had a place just outside of town and planned on catching up with his fishing. But there is a little business to attend to first, and bright and early next morning he is down at the employment office to draw his unemployment. So he, too, has to register for employment, and he does in some cases, keeping his fingers crossed and hoping that it will be a long time before anyone has a job for an old codger like him. If his pension was too small to live on, he would usually have had a job lined up before he was forced to go on pension. When a person says he needs work, the employment office has to take his word for it. They have to interpret the law fairly too, and under the law you cannot take an engineer or conductor who has been drawing top wages for years and send him to a labourer's job. And in the

meantime he draws his unemployment. It is strictly legal but the man who draws his benefits is sometimes shading the truth when he says he is actively seeking employment.

Then there is the farmer. Before there was any unemployment insurance there were a number of people, usually with some industrial background, who preferred to live in the country and made most of their living off the farm, but who took odd jobs that were offered in town. Then of course, in parts of the country there are large numbers of subsistence farms where the farmer just has to get out and earn some extra cash. The word has gone around that these people can go out and work a few days and then sit on the farm and draw their unemployment. It is not quite that easy. In the first place nobody can draw benefit if he has not worked 180 days in insurable employment in the previous two years, and if he has only worked 180 days he can draw benefit for only 36 days. Another thing, a farmer is not unemployed as long as he is sitting on the farm and watching things grow. And when he is not unemployed he cannot draw any money from unemployment. There are some exceptions, and of course some people beat the regulations, but not many.

Perhaps the biggest racket of all happened just after the war. When industry was hiring practically everything that breathed, a lot of housewives threw away their aprons and got into overalls. They paid their unemployment insurance and when the war was over they cashed in. It was quite true that they were glad to get back into the kitchen, and a lot of them had no intention of keeping on working in factories after the war, but when you can go down to the employment office and by stretching the truth just a little, make \$12.00 a week, why not? However, that is pretty well finished now, but it probably started a lot of other people to thinking that beating the game is easy.

Of course there is the straight crook, and there are quite a few of them. At least quite a few have been caught. He is the fellow who goes to the employment office and tells them that he has been unemployed and has not earned a cent all week when in fact he has managed to find a few days' work and has persuaded his employer not to put any stamps in his book. The magistrates usually give them the limit when they are found out, and in many communities it does not pay to be crooked in that way. However, most people draw the line at straight fraud and misstatement and the percentage of the whole insured population is comparatively small.

How Can Leaks Be Stopped?

It is hard to say just how much of the fifty million dollars paid out last year should not have been paid. But even 1 per cent would be \$500,000 and that is too much. How can the leaks be stopped? The department is doing all it can and is spending a lot of money to police the act. To investigate every case would cost more

Reading this publication carefully and regularly will contribute to your success as a Credit Executive.

Somewhere Responsibility Rests

Do we ever pause in the round of daily duties to appraise ourselves in relationship to the work assigned to us? Are we giving the best that is in us, or are we merely putting in the hours being mainly interested in time plus dollars and cents? Do we realize that in the final analysis we, you and I, are the ones who suffer most through such an attitude? Life demands the best that is in us and if this degree of application is cheerfully and willingly given in the pursuit of our daily tasks, life will return it to us in full measure.

Today's recognition goes not necessarily to the senior in service, although providing all things are equal such a person should be primarily considered, but to those who show in their everyday attitude, a devotion to duty and are willing to accept responsibility. No matter what the task, there is equal scope for initiative and personal interest in achievement. We can drift along for a time only, but sooner or later our own attitude decrees whether we have conscientiously endeavoured to improve our status or whether we are content to remain static.

A little self-analysis on the part of us all cannot help but enhance the relationship of employer and employee and make our working hours those of contentment and happiness in the knowledge of work well done. We need only remember that the responsibility we shirk places an added burden on the shoulders of another—*somewhere responsibility rests.*—C. B. Flemington.

than is being wasted. First, some new teeth should be put into the act, so that married women and pensioners cannot just draw out to their hearts' content. But most important is better understanding of the law by the people concerned and better co-operation between the department and the employers and the great majority of decent people who are paying their money into the fund. A lot of people think the fund is too big. It is over half a billion dollars now, but if any serious depression hits this country, the fund would need to be big. Figure it out. The average weekly benefit is over \$16.00, or \$65.00 a month. If a person was unemployed for eight months he would draw \$520.00 and lots of people were unemployed for three and fours years in the '30's. It would only take a million people eight months to use up the fund, or 500,000 people 16 months. So anybody who is paying in, and that includes every taxpayer in Canada, has a stake in the fund. Employers, particularly, who have contributed about 40 per cent of the total, should be sure they know the rules and give the administration every help.

In any social legislation program, there is always the problem of what it will do to the morals, the initiative and independence of the people it is supposed to help. Our program in Canada is not old enough or developed far enough to answer that question, but there are many people who believe that the present financial situation in Britain is at least partly the result of too much social legislation. If we are not going to break down character these so-called rackets have got to be kept to an absolute minimum. People generally must know what the law is, and see that any defects are remedied and that there is proper administration.

★★★

Collection Scoreboard

Compiled by the Research Division

September, 1949

September, 1948

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1949			1948			1949			1948			1949			1948			1949			1948		
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	50.0	51.8	45.8	47.2	53.2	42.8	21.0	25.5	16.6	24.6	31.7	19.7	42.3	43.7	40.8	43.7	47.8	41.2	38.1	39.0	37.3	44.5	46.0	43.1
Birmingham, Ala.	50.4	60.5	39.0	54.8	60.0	51.1	21.8	29.1	16.0	25.2	26.0	24.3	41.4	49.2	35.0	48.7	50.0	47.5	54.0	39.1	50.7	54.1	59.2	51.0
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	60.0	63.9	56.2	60.9	61.1	60.7	23.3	27.9	18.7	27.5	35.0	20.1	—	90.8	—	—	86.6	—	75.5	81.8	69.3	75.4	78.5	72.3
Cincinnati, Ohio	55.2	60.1	51.1	56.8	63.4	51.2	16.6	21.4	13.3	17.8	25.3	12.7	56.3	60.6	52.0	58.0	61.4	54.7	42.0	53.4	30.5	43.4	53.2	33.6
Cleveland, Ohio	50.0	56.6	47.6	51.2	57.8	49.9	24.3	25.4	17.1	26.7	29.8	19.6	48.5	57.0	37.6	40.0	46.8	38.3	65.9	89.6	42.2	87.0	93.8	40.2
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	48.5	60.1	43.8	50.0	58.9	47.7	23.0	51.8	18.5	25.7	33.1	18.6	48.1	51.9	44.3	49.9	50.8	49.1	—	—	—	—	—	—
Dos Moines, Ia.	—	52.1	—	51.0	50.6	51.4	—	—	—	—	—	—	62.4	65.0	59.8	64.4	70.0	58.7	—	60.2	—	63.2	69.6	56.7
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	—	—	—	62.0	63.2	60.5	—	—	—	22.0	35.2	18.2	—	—	—	61.1	68.5	50.0	—	—	—	61.1	68.5	50.0
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	51.7	67.8	46.2	54.0	62.5	45.6	16.3	24.1	15.0	—	—	—	56.0	60.3	51.4	53.1	61.5	44.8	59.7	70.0	45.0	60.8	61.5	59.0
Louisville, Ky.	46.6	48.2	46.0	48.1	50.1	46.0	20.1	20.7	19.6	20.6	22.0	19.2	41.7	51.4	33.0	44.7	51.7	40.0	48.6	58.4	42.8	50.9	60.9	43.0
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	55.8	64.4	48.8	57.6	65.7	49.3	17.1	23.9	15.5	23.5	24.4	23.3	57.2	61.0	53.2	59.6	61.9	57.3	64.1	64.4	43.0	53.4	58.1	48.0
Minneapolis, Minn.	61.3	67.5	52.2	64.4	69.6	57.4	24.0	26.1	21.7	26.3	27.8	25.5	65.0	68.1	61.9	64.1	68.0	60.2	38.5	43.0	34.0	37.2	41.3	33.0
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	48.8	53.6	41.7	51.6	66.9	40.5	17.6	21.0	17.3	19.5	28.5	14.9	40.5	42.5	38.6	42.2	45.1	39.4	51.7	58.5	44.9	54.1	61.5	46.7
Oakland, Calif.	58.0	64.0	44.1	53.7	57.8	48.4	17.2	27.2	16.2	22.9	27.7	20.8	60.8	61.1	60.5	63.5	68.0	58.9	49.6	66.3	36.5	50.4	60.3	39.0
Omaha, Neb.	—	55.3	—	—	56.0	—	—	21.3	—	20.1	25.1	15.1	58.0	69.9	46.1	58.3	68.9	47.8	54.1	60.6	57.6	53.1	55.3	51.0
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	49.8	60.0	45.6	50.0	63.3	46.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	52.6	59.4	45.2	52.9	54.5	51.0	21.7	23.1	20.3	24.9	28.5	21.3	49.7	53.6	47.3	49.6	53.3	47.3	50.7	56.1	43.8	50.1	55.5	54.8
Salt Lake City, Utah	61.2	64.7	58.0	67.6	74.1	63.5	22.7	25.3	20.3	28.0	31.6	26.1	—	—	—	—	—	—	48.5	49.4	47.7	51.7	53.2	50.2
San Francisco, Calif.	—	—	—	57.5	64.3	41.7	—	—	—	32.8	38.0	28.5	—	—	—	40.0	49.1	37.7	—	—	51.6	58.4	48.8	—
Santa Barbara, Calif.	58.5	62.7	53.8	61.8	67.5	57.0	—	—	—	—	—	—	54.6	62.1	44.2	60.7	74.4	46.2	60.2	67.7	49.8	65.2	70.0	58.1
Sioux City, Ia.	59.7	60.7	58.7	64.4	65.5	63.4	19.3	20.9	17.8	28.4	28.6	28.2	58.5	61.0	56.0	60.0	69.0	51.0	60.5	66.0	63.0	75.0	51.0	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	61.4	64.6	58.2	62.0	67.2	56.8	21.1	22.1	20.0	26.3	29.0	23.5	—	53.8	—	—	63.6	—	—	56.8	—	—	64.2	—
Toledo, Ohio	55.5	55.6	48.2	56.2	58.8	49.6	20.6	24.5	17.0	21.0	21.4	15.5	53.5	64.0	46.0	61.7	67.6	58.0	39.2	46.0	32.5	46.2	49.0	43.5
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	46.8	52.5	43.5	48.4	51.5	46.5	19.8	25.3	15.9	23.5	28.8	18.8	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	53.5	54.5	52.6	56.7	59.7	53.7	33.1	37.9	28.3	39.7	42.6	39.6	41.2	50.0	32.5	40.2	49.0	31.4	—	—	—	—	—	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	45.7	55.3	29.2	50.5	60.1	32.8	17.4	40.0	14.5	21.0	50.2	17.7	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	26.2	26.9	25.9	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	62.9	71.6	54.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

INSTALMENT ACCOUNTS outstanding at department stores were 3 per cent larger at the end of August than a month earlier and 8 per cent above year-ago indebtedness of this type. Collections on instalment accounts were 5 per cent larger than in July, amounting to 23 per cent of the first-of-month accounts receivable in August compared with 22 per cent in the preceding month. Charge accounts receivable remained near the level of July 31 and were only slightly below the amount outstanding at the end of August 1948. Collections on charge accounts declined as is usual in this month but when related to beginning-of-

month balances outstanding yielded a collection ratio of 52 per cent. Department store sales increased by somewhat more than the usual seasonal amount in August. Instalment sales rose by almost one-third during the month and were slightly above year-ago levels for the first time since December 1948. Charge-account sales also increased considerably to within 2 per cent of the year-ago volume. Cash sales showed the smallest gain during the month, 15 per cent, and remained well below the dollar amount transacted in August 1948.—Federal Reserve Board.

Monthly CREDIT STATISTICS



CONSUMER CREDIT outstanding increased \$265 million dollars in August to an estimated total of \$16,452 million at the end of the month. The rise reflected gains in all major types of credit except charge accounts. The total amount outstanding on August 31 was one-tenth larger than a year earlier. Instalment credit outstanding is estimated at \$9,613 million, \$282 million above the July 31 figure. A 6 per cent expansion in automobile sale credit originating at dealers accounted for a major part of the August rise. Instalment credit arising from the sale of other durable goods was 3 per cent larger than at the end of July. Instalment loans outstanding showed a gain of 62 million dollars in August, bringing the total to \$4,384 million. Charge accounts declined 2 per cent in August, a movement similar to that occurring in each of the two preceding years. This type of credit continued somewhat smaller than that carried on the books a year ago.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPART- MENT STORES	FURNI- TURE STORES	HOUSE- HOLD APPLIANCE STORES	JEWELRY STORES	
1944	37	19	28	35	62
December	37	20	30	31	61
1945	37	21	26	30	54
December	36	21	21	21	54
1946	29	16	21	21	54
December	26	14	15	20	53
1947	22	12	15	14	52
January	22	12	14	13	50
February	22	12	14	13	50
March	25	14	15	14	56
April	24	13	14	14	53
May	24	13	14	14	53
June	24	12	14	14	54
July	22	12	13	13	50
August	23	12	14	14	52

¹Ratio of collections during month to accounts receivable at beginning of month.

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUD- ING AUTO- MO- TIVE	DEPART- MENT STORES AND MAIL- ORDER HOMES	FURNI- TURE STORES	HOUSE- HOLD APPLI- ANCE STORES	JEWL- ERY STORES	ALL OTHER RETAIL STORES
1944						
June	572	137	256	53	37	90
1945	575	150	254	42	38	91
June	756	210	314	66	47	119
1946	1,312	423	427	168	87	207
1947	2,118	720	621	322	121	334
1948						
1949						
January	2,406	916	706	366	141	379
February	2,310	778	695	253	136	344
March	2,297	754	675	348	124	356
April	2,273	756	666	351	123	356
May	2,311	770	704	367	123	367
June	2,370	773	718	382	124	373
July	2,399	766	730	404	121	378
August	2,462	781	754	417	122	388

DEPARTMENT STORE SALES BY TYPE (Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE- ACCOUNT SALES
1944—December	64	4	32
1945—December	64	4	32
1946—December	57	5	36
1947—December	54	1	39
1948—December	53	6	41
1949—January	52	7	41
February	51	7	42
March	51	7	42
April	51	8	41
May	50	8	42
June	51	7	42
July	52	7	39
August	50	10	40

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT			LOANS	SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT				
			SALES CREDIT										
			TOTAL	AUTOMOTIVE	OTHER								
1944	5,218	1,872	764	192	572	1,108	1,260	1,370	716				
1945	5,605	1,994	763	188	575	1,231	1,411	1,544	746				
1946	7,915	2,906	1,001	336	766	1,815	1,852	2,327	850				
1947	11,380	5,065	2,192	880	1,312	2,873	2,512	2,887	916				
1948	14,666	7,533	3,720	1,602	2,118	3,813	2,839	3,352	945				
1949													
January	15,749	8,425	4,371	1,965	2,406	4,054	2,904	3,457	963				
February	15,332	8,339	4,306	1,906	2,310	4,033	2,865	3,176	952				
March	15,360	8,427	4,362	2,105	2,257	4,065	2,816	3,148	960				
April	15,618	8,627	4,514	2,241	2,273	4,113	2,704	3,258	960				
May	15,896	8,897	4,717	2,386	2,331	4,170	2,739	3,249	961				
June	16,122	9,122	4,969	2,498	2,370	4,253	2,752	3,274	974				
July	16,187	9,331	5,098	2,610	2,398	4,322	2,768	3,123	965				
August	16,452	9,613	5,225	2,767	2,462	4,384	2,798	3,064	977				

Business Conditions and Outlook

● Business Volume Holds Steady—Not Far Below Last Year ●

THE VOLUME of trade and industry has remained quite stable so far this fall and the variations among different industries, as well as among different sections of the country, are less than they have been in recent months. The expansion since the low point of the summer has been slightly greater than the usual seasonal rise, and prospects are favorable for maintaining these gains. The total volume of business as measured by financial transactions is about 5 per cent lower than it was a year ago when the postwar peak was established. As the price level is somewhat lower, the physical quantities of goods being exchanged are probably very nearly as large as they were last year.

FEW SHIFTS have taken place on the La Salle Map during recent weeks. Business is still lagging in the New England states, in parts of the Middle West, and in the southern half of the Pacific Coast region. Scattered reports from the New England states indicate that some improvement has been evident in some spots, but not enough to affect the general situation yet.

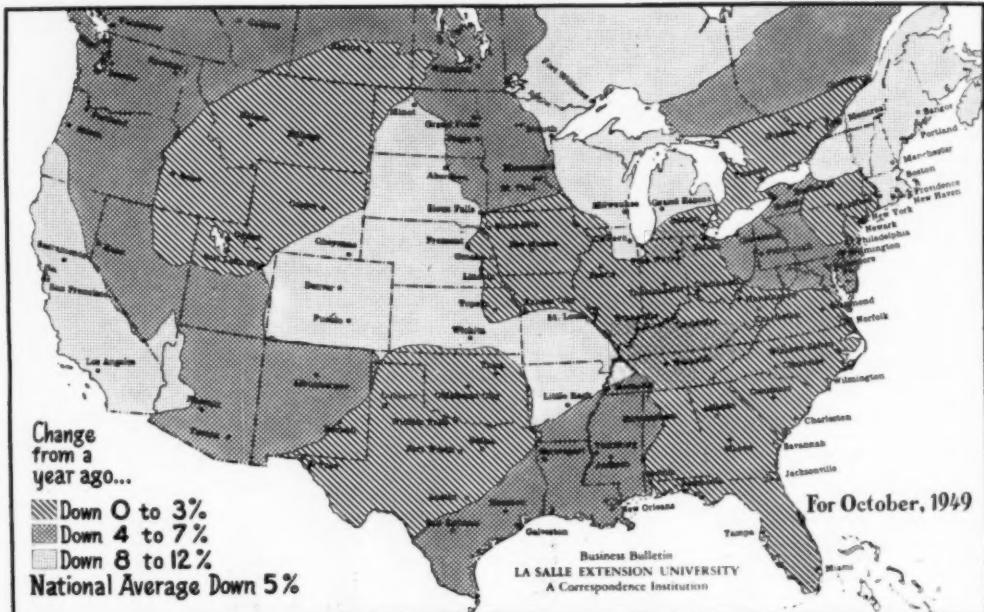
IN STRIKING contrast to conditions in the Northeast, is the substantial increase in business activity in the New York City area. Some of this favorable comparison reflects the relatively low volume in this section a year ago, although the current trend is definitely upward at a substantially better pace than the general average of the entire country. Conditions are also favorable in the South and Southeast where a number of factors combine to keep volume high. Both industrial and agricultural trends are responsible for this good showing.

Activity in many parts of the Middle West has been affected by the reduction in farm income this year.

Farmers have received about 10 per cent less than they did during the corresponding period a year ago. The increase in the amounts of products marketed has not been enough to offset the lower prices which farmers have received. Although crop prospects are excellent for close-to-record output this year, the price trend is downward and is likely to remain so because of the large crops now being harvested.

IN THE PACIFIC COAST states, the poor comparison is also due partly to the fact that activity there was high a year ago. As compared with previous years, however, the volume is still much above that in most sections of the country. Conditions in the Pacific Northwest are somewhat more favorable, although the rapid growth that took place during recent years has been slowed down considerably. Changes during the past year have been about the same as the national average.

TRADE AND INDUSTRY in Canada have been rising again after a lull during the summer, and activity now is higher than it was a year ago. Factory output has been increasing slightly more rapidly than has the volume of trade, but trends in both indicators are favorable. Agricultural conditions are not quite so promising as industrial, and output of some crops will be less than average. Lumbering, mining, and construction have been the leading lines in making the best showing during the last few months. The price level has been maintained at close to the peak levels in response to the continued strong demand for goods. Indications are that business will be good throughout the remainder of this year and probably longer. —BUSINESS BULLETIN, La Salle Extension University, Chicago, Ill.





In the November, 1924 CREDIT WORLD, an article, "Industrial Loans," by A. B. Madison, Atlanta, Ga., covered the subject of bringing about cooperation between industrial loan managers and retail credit managers.

"Why the Salary or Wages of Public Officials and Employees Is Not Subject to Garnishment and Why There Should Be a Remedy" was an article by Lawrence McDaniel, General Counsel, N.R.C.A. This problem was discussed by our present Counsel, Harold L. Schilz, in the Credit Clinic at the Boston conference, June, 1949, and is printed in this issue.

A general coverage of the states of financial affairs in Europe was given by William Ries, Harry Collins, New York. He stated that unemployment was a problem that worried England and was due to the falling off of foreign trade.

The last supplement of ten pages of "Addresses Wanted," ran in this issue. The names and last known addresses for the benefit of those attempting to trace these people from all over the country was listed.

In an article "Omaha Credit Manager Talks on Credits," Harry O. Wren, then President, Associated Retail Credit Men of Omaha, now retired, discussed the difference in credit functions in small towns and large cities.

"Bristow's Prompt Pay Week Made Credit A-1;" this article shows the manner in which Bristow, Oklahoma, a town of 4,000, put on a campaign for prompt payment which they successfully accomplished.

A debate, "Is a Credit Rating Bureau Good For Our Chamber?" was answered in the affirmative by M. R. Livingston, President, Bloomington Association of Commerce, Bloomington, Ill. W. J. Clancy, President, LaSalle Chamber of Commerce, took the negative and a letter by E. B. Heller, Vice-President, N.R.C.A., gave his ideas, which were also in the affirmative.

"Credit Service a Necessity for Small Firm," was written by Frank Field, Secy.-Mgr., Weld County Credit Association, Greeley, Colo., as he felt their losses were greater in proportion to their volume than those of larger firms.

"The Secretary's Page," contained brief items of current interest. "Stabilizing Morale" was an article by J. H. Tregoe, and "Remarks at Detroit Institute of Technology" was written by L. T. Pease, President, N.R.C.A. There were also articles, "Seattle Paper Endorses Credit Rating Bureau" and "Professional Women to Probe Retail Credits," making a total of 36 pages in this issue.

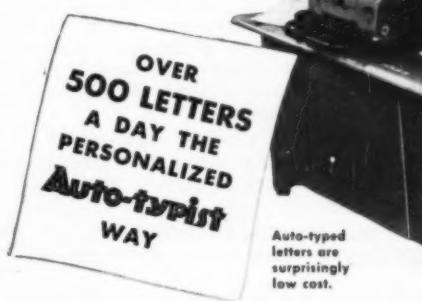
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Editorial COMMENT

Credit Bureau Service

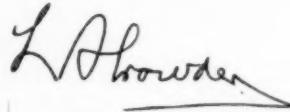
IN A SURVEY made some months ago by the National Retail Credit Association, which resulted in the receipt of more than 400 replies from managers of credit sales, one suggestion stood out above all others. It was for more efficient and speedier credit bureau service. My discussions of this subject with credit executives and credit bureau managers have resulted in the criticisms listed below:

1. Incomplete data in application, such as given name, second initial, wife's given name, former addresses and former employment if changed recently.
2. Incomplete information as to occupation and department in which employed if with a large industrial plant or organization.
3. Lack of trade and other references.
4. Failure on the part of one or more credit departments to promptly answer inquiries from the credit bureau. This is one of the major complaints made by bureau managers. Without the complete cooperation of the credit personnel, it is impossible for the credit bureau to render prompt and efficient service, which is so essential for customer satisfaction.

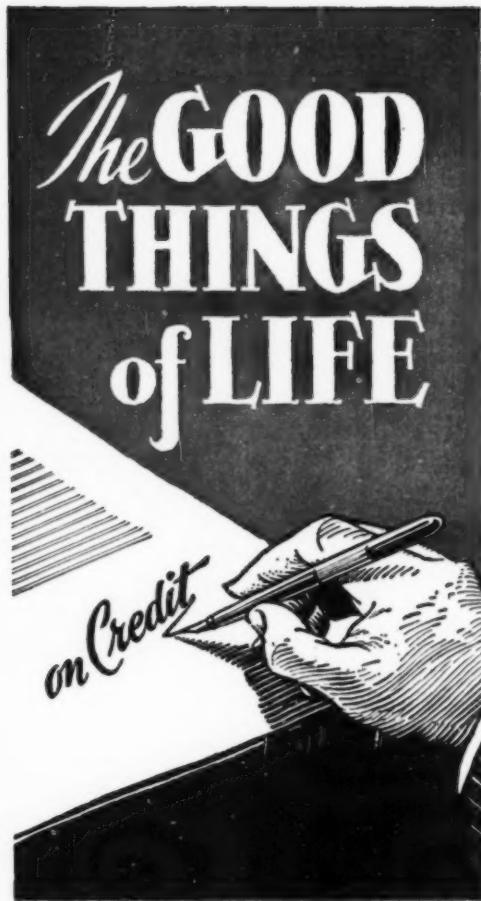
To improve the service of your credit bureau and to enable the bureau to satisfactorily serve its subscribers and credit bureau members throughout North America, you are urged to cooperate in the following manner:

1. Obtain essential information at time of interview, including correct spelling of name, former addresses, and previous employment, if any.
2. Furnish the credit bureau with all available information as to local and out of town references.
3. Do not request rush reports unless they are absolutely necessary. This contributes to the slowing up of service for all concerned.
4. Answer all inquiries promptly, or in accordance with your credit bureau's schedule.
5. Ascertain at least once daily, preferably around 4:00 o'clock, the status of this work and if any unanswered inquiries are on hand, have them handled forthwith. The cooperation of all bureau members will result in improved service to you and other members, as well as cooperating credit granters and credit bureaus in other cities.

Will you do your part in perfecting this most important function in an effort to better serve credit customers? All of us working together to this end will contribute to a more profitable credit operation.



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IT CONTAINS seven chapters as follows:

1. The Magic of Credit Buying Power.
2. What People Buy on Credit.
3. The Value of Personal Credit.
4. Credit Depends on 2 Things.
5. Your Credit Record Is an Open Book.
6. How to Establish Your Credit.
7. How to Maintain a Good Credit Record.

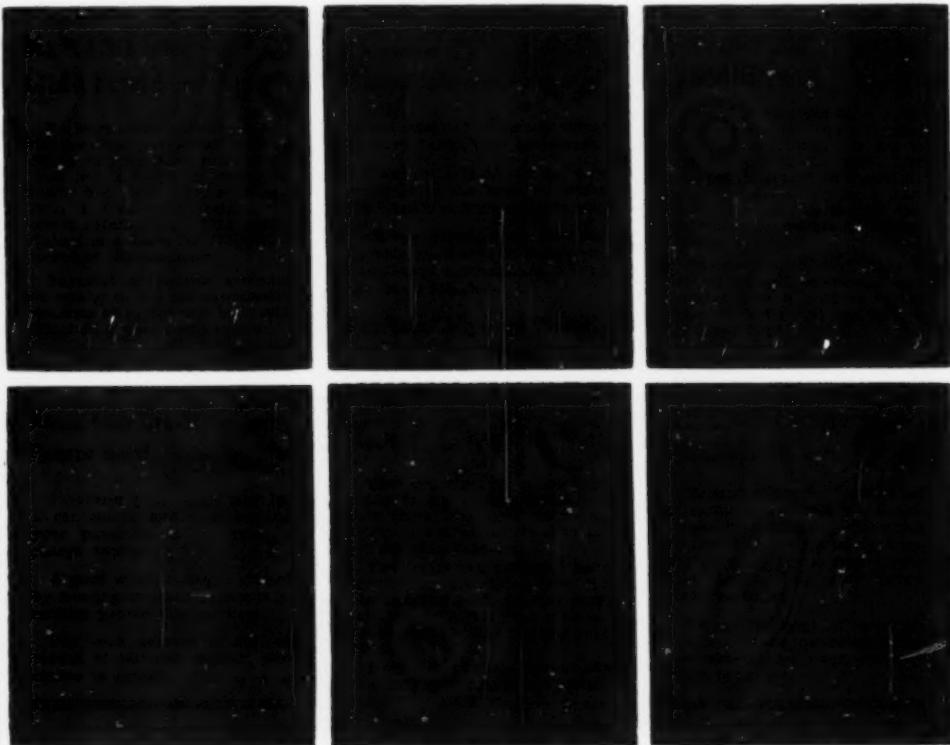
ON THE LAST page appears the Code of Ethics of the National Retail Credit Association which in itself carries a worthwhile educational message to the consumer. On the inside back cover is the National shield containing the slogan "Guard Your Credit as a Sacred Trust." The outside back cover has been left blank so that you may, if desired, imprint the name of your store on it.

THIS BOOKLET covers fully the conveniences and advantages of credit, as well as the necessity for maintaining a good credit record. It is an excellent educational piece to enclose in letters opening new accounts, in sales promotional letters, and in collection letters. The consistent use of this booklet will produce highly satisfactory results whether in the promotion of business or in the collection of past-due accounts.

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